

YEAR 1998

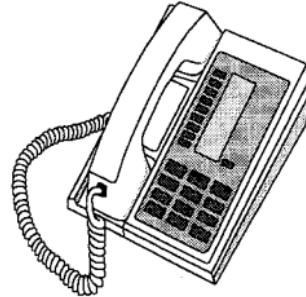
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JUL 06 1998
MONT. P.S. COMMISSION

ANNUAL REPORT
OF

US West Communications

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

File No. 125033
US West Communications

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

In the Matter of the 1998 Annual Report of) UTILITY DIVISION
)
U S WEST Communications, Inc.) MOTION FOR PROTECTIVE ORDER
) AND BRIEF IN SUPPORT

COMES NOW, U S WEST Communications, Inc. (U S WEST), and respectfully moves the the Montana Public Service Commission (Commission) for entry of a protective order pursuant to the provisions of Mont. Code Ann. § 69-3-105(2). U S WEST integrates into its motion its brief in support of the motion.

INTRODUCTION

This matter relates to the filing by U S WEST of its Annual Report to the Commission for the year 1998. Three of the schedules of information which U S WEST has been requested to provide to the Commission contain information which is either closely held by U S WEST as confidential business information or as information about its employees for which they have a legitimate expectation of privacy. The Schedules are:

CENTRAL OFFICE - ACCESS LINE STATISTICS	SCHEDULE 23
CENTRAL OFFICE - SWITCH INFORMATION	SCHEDULE 24(f)
COMPENSATION OF TOP 10 MONTANA BASED EMPLOYEES	SCHEDULE 27

U S WEST requests the issuance of a protective order so that the information requested by the Commission may be provided to it while being protected against public disclosure.

U S WEST IS ENTITLED TO ISSUANCE OF THE REQUESTED PROTECTIVE ORDER

Mont. Code Ann. § 69-3-105(2) provides that the Commission may issue a protective order to preserve the confidentiality of a trade secret as defined in Mont. Code Ann. § 30-14-402.¹ Mont. Code Ann. § 30-14-402(4) provides in pertinent part:

¹Section 69-3-105(2) is a partial codification of the holding in *Mountain States Telephone and Telegraph Company v. Department of Public Service Regulation*, 194 Mont. 630, 634 P.2d 181 (1981). That case held that the Commission is constitutionally required to preserve the confidentiality of trade secrets, independent of its enabling legislation.

(4) "Trade secret" means information . . . that:

- (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and
- (b) is the subject of efforts that are reasonable under circumstances to maintain its secrecy.

Although § 69-3-105(2) does not specifically mention issuing a protective order to protect a utility employee's right of privacy, which is protected under Section 10 of Article II of the Montana Constitution, it is clear that a protective order should issue, at the request of a utility, to protect such rights, *State v. Burns*, 253 Mont. 37, 830 P.2d 1318 (1992); *Montana Human Rights Division v. Billings*, 199 Mont. 434, 649 P.2d 1283 (1982).

Schedules 23 and 24(f) report detailed information about the U S WEST customer base, indicating customer counts (access lines) and characteristics (residential, commercial, single line, etc.), or its switching facilities. Prior to the enactment of the federal Telecommunications Act of 1996 (Act), U S WEST did not consider or treat such information as confidential business information because of its position as the monopoly provider of local exchange service. However, since the Act, that information has become confidential business information as its public disclosure would allow U S WEST competitors in the local exchange market to target their investment and offerings to the areas in Montana which the information in the schedules establishes as having high customer concentrations or growth rates. Although this information was publicly reported prior to the Act, customer growth and changes in concentration cannot be detected if it is not publicly reported in the future. U S WEST no longer reports this information in a public manner so that it can protect it as confidential trade secret information. The kind of information reported in Schedules 23 and 24(f) is not the kind of information which companies share in a competitive market environment. The Commission determined in Order 6080 entered in Docket N 98.6.148 that the information in these schedules should be protected.

Schedule 27 reports the salaries of the ten highest paid U S WEST employees in Montana. Those employees have a legitimate expectation that their salary information be kept private, an

expectation which this Commission has routinely met through the issuance of a protective order. The Commission determined in Order 6080a entered in Docket N 98.6.148 that this information should be protected.

U S WEST requests the issuance of a protective order in the manner and form annexed to this motion as **Appendix A**.

Respectfully submitted July 6, 1999.

U S WEST COMMUNICATIONS, INC.

By _____
John Alke
40 West Lawrence, Suite A
P. O. Box 1166
Helena, MT 59624-1166

ATTORNEYS FOR U S WEST COMMUNICATIONS, INC.

APPENDIX A

**DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA**

* * * * *

In the Matter of the 1998 Annual Report of)	UTILITY DIVISION
)	
U S WEST Communications, Inc.)	PROTECTIVE ORDER
)	

On July 2, 1999, **U S WEST Communications, Inc.** (**U S WEST**) filed its Motion for Protective Order with the Montana Public Service Commission (Commission).

The Commission considers it appropriate to issue a Protective Order to provide a procedure for balancing the public's right to know against U S WEST's right to non-disclosure of proprietary and confidential information, and information about its employees in which they have legitimate expectation of privacy. This Order affords interested parties an opportunity to challenge the proprietary or confidential designation. In issuing this Order, the Commission is not deciding or expressing any opinion as to whether the subject information is or is not proprietary or confidential information under Montana law.

Based upon the foregoing, the following Protective Order shall be in effect with respect to information contained in the U S WEST Annual Report of 1998.

1. **Confidential Information.** The information set forth in Schedules 23 and 24(f) of the U S WEST Annual Report for 1998 will be kept confidential and not publicly disclosed because of the claim of U S WEST that it contains proprietary data entitled to protection as a trade secret. The information set forth in Schedule 27 of the Annual Report for 1998 will be kept confidential and not publicly disclosed because of the legitimate expectation of U S WEST employees that their salary information be kept private.

APPENDIX A

2. **Terms of Disclosure.** The information contained in Schedules 23, 24(f), and 27 will not be disclosed to the public in any fashion, directly or indirectly. It will be kept confidential by the Commission, and disclosed to no one, except as may be provided by further order of the Commission, and upon adequate notice to U S WEST. The **Montana Consumer Counsel (MCC)** may apply to the Commission for permission to review the information, provided an adequate non-disclosure agreement is provided by that office to U S WEST.

3. **Challenge to Confidentiality.** This Order shall not be construed as a final ruling on the confidentiality of the information contained in Schedules 23, 24(f) and 27. An interested person or entity with proper standing, or the Commission on its own motion, may challenge the U S WEST claim of confidentiality at any time. Any such petition or motion must be served upon U S WEST, and it may file a response or objection within fourteen days thereafter. U S WEST may also request a hearing or oral argument before the Commission.

4. **Seal.** While in custody of the PSC and MCC, materials subject to this Order shall be marked, "CONFIDENTIAL -- SUBJECT TO PROTECTIVE ORDER" and due to their private nature they shall not be considered as records in the possession or retained by the PSC or MCC within the meaning of the open meetings or public records statutes.

5. The PSC and its counsel staff, and the MCC and its counsel and staff, shall be bound by the terms of this Order.

6. **Segregation of Files.** All proprietary information filed with the Commission will be sealed by the Commission, segregated in the files of the Commission, and withheld from inspection by any person not bound by the terms of this Order, unless such proprietary information is released from the restrictions of this Order either through agreement of the parties, an order of the Commission or an order of a Court having jurisdiction. All written proprietary information coming into the possession of the MCC under this Order may be retained by him in

APPENDIX A

his office files, but shall be withheld from inspection by others, except for his staff and his counsel, unless released by agreement or order of the Commission.

7. **Amendment or Modification.** The Commission retains jurisdiction of this matter and may alter or amend these provisions, upon motion by an appropriate party or entity and reasonable notice.

DONE AND DATED this _____ day of _____ 1999, by a 5-0 vote.
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice-Chair

BOB ANDERSON, Commissioner

BOB ROWE, Commissioner

GARY FELAND, Commissioner

YEAR 1998

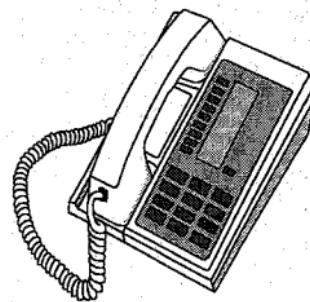
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Check No. 128583
US West Communications

Telephone Annual Report

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Company Name: U S WEST Communications, Inc.

SCHEDULE 1

General Information

Year: 1998

1. Legal Name of Respondent: U S WEST Communications, Inc.	2. Name Under Which Respondent Does Business: U S WEST Communications, Inc.
3. Date of incorporation: The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwestern Bell to form U S WEST Communications, Inc.	
4. Address to send Correspondence Concerning Report: 441 North Park Avenue, Room 101 Helena, Montana 59624	5. Person Responsible for This Report: Gary Duncan
5a. Telephone Number: (406)-441-7288	5b. Control Over Respondent
1. If direct control over the respondent was held by another entity at the end of year provide the following:	
1a. Name and address of the controlling organization or person: U S WEST, Inc. 1801 California Street Denver, Colorado 80202	
1b. Means by which control was held: Through ownership of voting securities	
1c. Percent Ownership: 100%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Solomon D. Trujillo Denver, Colorado	None
2	Janet K. Cooper Denver, Colorado	None
3	Allan R. Spies Denver, Colorado	None
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5		
6		
7		
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17		
18	Chairman of the Board for U S WEST Inc.: Richard D. McCormick	
19		
20		

PAGE 1

Company Name: U S WEST Communications, Inc.

SCHEDULE 2

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Officers Name and Address of Person Holding Office at Year End (c) Year: 1998
1	President	President & Chief Executive Officer	Solomon D. Trujillo, Denver, CO
2	Regional Vice President		Wayne G. Allcott, Phoenix, AZ
3	Vice President		David Anastasi, Seattle, WA
4	Executive Vice President	Retail Markets	Betsy J. Bernard, Denver, CO
5	Vice President		Bryan F. Cook, Littleton, CO
6	Vice President	Treasurer	Janet K. Cooper, Denver, CO
7	Vice President	Chief Technology Officer	John M. Czak, Denver, CO
8	Vice President		Dana P. Dunne, Denver, CO
9	Vice President		Michael Fernandez, Denver CO
10	Vice President		Rex Fisher, Omaha, NE
11	Assistant Treasurer		Sean P. Foley, Denver, CO
12	Assistant Treasurer		J. Roger Fox, Denver, CO
13	Assistant Secretary		Debra S. Gallegos, Denver, CO
14	Vice President		Frank H. Hatzenbuehler, Denver, CO
15	Assistant Secretary		Glenda M. Hilar, Denver, CO
16	Vice President		Lawrence D. Huss, Portland, OR
17	Assistant Secretary		Cynthia Johnson, Englewood, CO
18	President	Wholesale Carrier	John A. Kelley, Jr., Denver, CO
19	Vice President	Chief Information Officer	David R. Laube, Denver, CO
20	President	U S WEST Wireless LLC	Peter Mannetti, Denver, CO
21	Vice President		C. Scott McClellan, Seattle, WA
22	Assistant Secretary		Thomas O. McGimpsey, Denver, CO
23	Vice President	Marketing	Randy D. Meissner, Phoenix, AZ
24	Vice President	Controller	Oscar X. Munoz, Denver, CO
25	Vice President		Richard B. O'Keefe, Bellevue, WA
26	Vice President & Assistant Secretary	Law & Human Resources	Antonia D. Ozeroff, Denver, CO
27	Vice President		Susan B. Parks, Denver, CO
28	Vice President & Secretary	Legal General Counsel	Mark D. Roeling, Denver, CO
29	Regional Vice President		James D. Smiley, Minneapolis, MN
30	Vice President		James A. Smith, Englewood, CO
31	Vice President		M. June Smith, Denver, CO
32	Regional Vice President		Ted D. Smith, Salt Lake City, UT
33	Vice President & Chief Financial Officer		Allan R. Spies, Denver, CO
34	Vice President	Public Policy	Edward T. Tobin III, Denver, CO
35	Vice President	Capacity Provisioning	Robert D. Tregembra, Denver, CO
36	Vice President		Teresa Wahlert, Des Moines, IA
37	Regional Vice President		Barbara L. Wilson, Boise ID
38	Executive Vice President	Operations & Technology	Gregory M. Winn, Denver, CO
39	President	Enterprise Networking Services	Joseph R. Zell, Denver, CO
40			
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48			

(Thousands of Dollars)		Total Company Balance Sheet	Year: 1998	
Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	67,074	25,861
3	1180	Telecommunications Accounts Receivable - Net	1,436,870	1,460,755
4	1190	Other Accounts Receivable - Net	202,654	155,305
5	1200	Notes Receivable - Net	(5)	14
6	1210	Interest and Dividends Receivable	6,172	618
7	1220	Materials and Supplies	125,102	125,876
8	1280	Prepayments	18,266	28,586
9	1290	Prepaid Rents	0	0
10	1300	Prepaid Taxes	11,106	10,190
11	1310	Prepaid Insurance	1,446	3,650
12	1320	Prepaid Directory Expenses	0	0
13	1330	Other Prepayments	5,714	14,746
14	1350	Other Current Assets	41,660	39,552
15		Total Current Assets	1,897,793	1,836,567
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	356,235	21,913
18	1402	Investments in Nonaffiliated Companies	4,687	4,702
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	140,573	146,435
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	534,030	652,766
23	1438	Deferred Maintenance and Retirements	0	0
24	1439	Deferred Charges	343,951	334,485
25	1500	Other Jurisdictional Assets - Net	617,034	616,471
26		Total Noncurrent Assets	1,996,510	1,776,772
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	33,625,291	32,328,376
29	2002	Property Held for Future Telecommunications Use	22	22
30	2003	Plant Under Construction - Short Term	533,873	436,279
31	2004	Plant Under Construction - Long Term	69,007	233,161
32	2005	Telecommunications Plant Adjustment	2,746	2,746
33	2006	Nonoperating Plant	35,352	26,263
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(16,914,839)	(15,278,802)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	(2,714)	(2,715)
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(215,751)	(238,665)
39		Net Property, Plant, & Equipment	17,132,987	17,506,665
40		TOTAL ASSETS	21,027,290	21,120,004

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 1998

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,486,469	1,565,903
43	4020	Notes Payable	122,953	61,930
44	4030	Advance Billing and Payments	285,042	250,490
45	4040	Customer Deposits	42,370	41,400
46	4050	Current Maturities - Long Term Debt	225,625	335,410
47	4060	Current Maturities - Capital Leases	83,296	99,435
48	4070	Income Taxes - Accrued	108,949	27,537
49	4080	Other Taxes - Accrued	234,688	256,257
50	4100	Net Current Deferred Operating Income Taxes	(83,176)	(165,393)
51	4110	Net Current Deferred Nonoperating Income Taxes	148	(13,791)
52	4120	Other Accrued Liabilities	842,428	937,941
53	4130	Other Current Liabilities	62,458	53,458
54		Total Current Liabilities	3,411,250	3,450,677
55		LONG-TERM DEBT:		
56	4210	Funded Debt	5,062,693	4,968,318
57	4220	Premium on Long-Term Debt	1,795	2,749
58	4230	Discount on Long-Term Debt	(123,929)	(124,123)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	89,686	79,667
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	90,327	90,395
63		Total Long-Term Debt	5,120,572	5,017,006
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	1,258,351	1,003,400
66	4320	Unamort. Oper. Invest. Tax Credits - Net	257,072	277,543
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,500,382	2,695,198
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	11,758	(342)
70	4360	Other Deferred Credits	688,677	691,979
71	4370	Other Jurisdictional Liab. and Def. Credits	137,154	131,951
72		Total Other Liabilities and Deferred Credits	4,853,394	4,799,728
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	8,053,575	7,990,539
75	4520	Additional Paid-In Capital	0	0
76	4530	Treasury Stock	0	0
77	4540	Other Capital	0	0
78	4550	Retained Earnings	(411,501)	(137,947)
79		Total Stockholders' Equity	7,642,074	7,852,592
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	21,027,290	21,120,004

Company Name: U S WEST Communications, Inc.

SCHEDULE 4

(Thousands of Dollars)		Total Company Income Statement	Year: 1998	
Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	5,428,428	5,010,470
3	5080	Network Access Revenues	3,577,075	3,391,782
4	* 5100	Long Distance Message Revenue	770,868	882,846
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	768,319	880,250
6	^ 5120	Long Distance Private Network Revenue	2,549	2,630
7	^ 5160	Other Long Distance Revenue	0	(34)
8	^ 5159	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	995,271	831,144
10	^ 5230	Directory Revenue	94,428	87,506
11	^ 5240	Rent Revenue	46,128	31,398
12	^ 5250	Corporate Operations Revenue	58,276	19,478
13	^ 5260	Miscellaneous Revenue	157,114	133,487
14	^ 5270	Carrier Billing and Collection Revenue	109,477	105,535
15	^ 5280	Nonregulated Revenue	527,848	453,740
16	5300	Uncollectible Revenue	102,870	94,449
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	10,668,772	10,021,793
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	7,918	8,513
20	6120	General Support Expense	436,282	448,161
21	6210	Central Office Switching Expense	252,523	225,758
22	6220	Operator Systems Expense	261	922
23	6230	Central Office Transmission Expense	117,697	123,459
24	6310	Information Origination/Termination Expense	177,177	193,098
25	* 6410	Cable and Wire Facilities Expense	675,904	666,489
26	^ 6431	Aerial Wire Expense	628	621
27	^ 6441	Conduit Systems Expense	9,968	10,989
28	6510	Other Property, Plant & Equipment Expense	3,424	10,703
29	6530	Network Operations Expense	661,844	660,630
30	6540	Access Expense	303,101	226,985
31	6560	Depreciation and Amortization Expense	2,406,745	2,534,827
32	6610	Marketing	584,901	605,139
33	6620	Services	813,806	800,763
34	6710	Executive and Planning	108,686	115,451
35	6720	General and Administrative	1,350,684	1,228,463
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	7,900,953	7,850,361
38	7100	Other Operating Income and Expense	(22,470)	(13,703)
39	7200	Operating Taxes	1,083,916	913,947
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,661,433	1,243,782
41	7300	Nonoperating Income and Expense	(164,110)	232,974
42	7400	Nonoperating Taxes	763	88,162
43	7500	Interest and Related Items	430,173	430,153
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(4,663)	(16,905)
46	7990	Nonregulated Net Income	0	0
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,061,724	941,536

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

(Thousands of Dollars) Montana Total State Income Statement Year: 1998

Line No.	Acct No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	128,570	113,229
3	5080	Network Access Revenues	86,859	82,817
4 *	5100	Long Distance Message Revenue	27,410	42,290
5 ^	5110	Unidirectional Long Distance Revenue (Note 1)	27,411	42,291
6 ^	5120	Long Distance Private Network Revenue	(1)	(1)
7 ^	5160	Other Long Distance Revenue	0	0
8 ^	5169	Other Long Distance Revenue Settlements	0	0
9 *	5200	Miscellaneous Revenue	7,104	117
10 ^	5230	Directory Revenue	2,192	2,014
11 ^	5240	Rent Revenue	(9,641)	(13,697)
12 ^	5250	Corporate Operations Revenue	1,242	424
13 ^	5260	Miscellaneous Revenue	2,541	2,278
14 ^	5270	CARRIER Billing and Collection Revenue	2,464	2,479
15 ^	5280	Nonregulated Revenue	8,306	6,619
16	5300	Uncollectible Revenue	2,345	1,887
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	247,598	236,566
18		OPERATING EXPENSES:		
19	5110	Network Support Expense	535	509
20	6120	General Support Expense	7,301	8,226
21	6210	Central Office Switching Expense	7,018	5,346
22	6220	Operator Systems Expense	3	1
23	6230	Central Office Transmission Expense	2,823	2,401
24	6310	Information Origination/Termination Expense	2,676	2,939
25	6410	Cable and Wire Facilities Expense	10,357	13,317
26 ^	6431	Aerial Wire Expense	8	10
27	6441	Conduit Systems Expense	27	78
28	6510	Other Property, Plant & Equipment Expense	(143)	81
29	6530	Network Operations Expense	12,995	14,163
30	6540	Access Expense	11,895	16,100
31	6560	Depreciation and Amortization Expense	57,195	57,572
32	6610	Marketing	10,934	10,913
33	6620	Services	17,942	18,312
34	6710	Executive and Planning	2,542	2,803
35	6720	General and Administrative	29,954	27,563
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.25-L.27)	174,027	180,246
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	1,259	324
39	7200	Operating Taxes	36,364	30,753
40		Net Operating Income (L.17-L.37-L.38-L.39)	35,948	25,243

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Company Name: U S WEST Communications, Inc.

SCHEDULE 6

(Thousands of Dollars)

Montana Intrastate Income Statement

Year: 1998

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	128,570	113,229
3	5080	Network Access Revenues	21,007	20,810
4	5100	Long Distance Message Revenue	27,327	42,177
5	5110	Unidirectional Long Distance Revenue (Note 1)	27,328	42,178
6	5120	Long Distance Private Network Revenue	(1)	(1)
7	5160	Other Long Distance Revenue	0	0
8	5169	Other Long Distance Revenue Settlements	0	0
9	5200	Miscellaneous Revenue	(1,018)	(5,415)
10	5230	Directory Revenue	2,192	2,014
11	5240	Rent Revenue	(7,155)	(10,165)
12	5250	Corporate Operations Revenue	923	312
13	5260	Miscellaneous Revenue	2,092	1,879
14	5270	Carrier Billing and Collection Revenue	587	659
15	5280	Nonregulated Revenue	343	(114)
16	5300	Uncollectible Revenue	1,456	1,397
17		Total Revenues (L2+L3+L4+L9-L16)	174,430	169,404
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	385	362
20	6120	General Support Expense	5,012	5,680
21	6210	Central Office Switching Expense	4,585	3,512
22	6220	Operator Systems Expense	3	1
23	6230	Central Office Transmission Expense	1,894	1,606
24	6310	Information Origination/Termination Expense	305	664
25	6410	Cable and Wire Facilities Expense	7,302	9,443
26	6431	Aerial Wire Expense	5	7
27	6441	Conduit Systems Expense	19	55
28	6510	Other Property, Plant & Equipment Expense	(101)	52
29	6530	Network Operations Expense	8,228	8,983
30	6540	Access Expense	9,933	16,100
31	6560	Depreciation and Amortization Expense	38,933	39,240
32	6610	Marketing	6,896	5,830
33	6620	Services	13,561	14,022
34	6710	Executive and Planning	1,731	1,974
35	6720	General and Administrative	20,338	18,676
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L19 to L36-L26-L27)	119,006	125,145
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(440)	25
39	7200	Operating Taxes	28,047	23,344
40		Net Operating Income (L17-L37-L38-L39)	27,817	19,890

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

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Montana Intrastate Regulated Income Statement				Year: 1998
Line No.	Acct No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	128,087	112,788
3	5080	Network Access Revenues	16,973	17,053
4	5100	Long Distance Message Revenue	27,325	42,176
5	5110	Unidirectional Long Distance Revenue (Note 1)	27,327	42,177
6	5120	Long Distance Private Network Revenue	(1)	(1)
7	5160	Other Long Distance Revenue	0	0
8	5169	Other Long Distance Revenue Settlements	0	0
9	5200	Miscellaneous Revenue	(2,848)	(6,960)
10	5230	Directory Revenue	2,192	2,014
11	5240	Rent Revenue	(4,681)	(5,083)
12	5250	Corporate Operations Revenue	496	6
13	5260	Miscellaneous Revenue	1,771	1,535
14	5270	Carrier Billing and Collection Revenue	(3,660)	(5,835)
15	5280	Nonregulated Revenue	1,033	403
16	5300	Uncollectible Revenue	1,427	1,367
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	168,110	163,690
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	365	346
20	6120	General Support Expense	4,784	5,437
21	6210	Central Office Switching Expense	4,738	3,587
22	6220	Operator Systems Expense	3	1
23	6230	Central Office Transmission Expense	1,762	1,454
24	6310	Information Origination/Termination Expense	292	639
25	6410	Cable and Wire Facilities Expense	6,891	9,023
26	6431	Aerial Wire Expense	5	7
27	6441	Conduit Systems Expense	19	55
28	6510	Other Property, Plant & Equipment Expense	(97)	52
29	6530	Network Operations Expense	8,045	8,735
30	6540	Access Expense	9,933	16,100
31	6560	Depreciation and Amortization Expense	34,059	31,811
32	6610	Marketing	7,249	6,153
33	6620	Services	13,320	14,070
34	6710	Executive and Planning	1,687	1,916
35	6720	General and Administrative	19,335	17,936
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	112,366	117,260
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(479)	23
39	7200	Operating Taxes	26,572	24,693
40		Net Operating Income (L.17-L.37-L.38-L.39)	27,651	21,714

* Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Company Name: U S WEST Communications, Inc.

SCHEDULE 8

(000s)			Average Rate Base - Total State	Year: 1998
Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	770,571	743,476
2	3100	Accumulated Depreciation (Note 1)	366,439	328,482
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	858	1,562
6	4340	Noncurrent Deferred Operating Income Taxes	73,242	75,551
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	331,748	341,005

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	529,430	512,174
2	3100	Accumulated Depreciation (Note 1)	250,905	225,248
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	558	1,079
6	4340	Noncurrent Deferred Operating Income Taxes	50,162	51,847
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	228,921	236,158

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	518,399	503,346
2	3100	Accumulated Depreciation (Note 1)	225,636	207,779
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	543	1,048
6	4340	Noncurrent Deferred Operating Income Taxes	51,103	50,282
7		Pre-1971 Unamortized Investment Tax Credits	0	0
8		Cash Working Capital (if allowed by Commission)	0	0
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	242,202	246,333

Note 1: This also includes Accumulated Amortizations, accounts 3410, 3420, 3500, 3600.

Company Name: U S WEST Communications, Inc.

SCHEDULE 9

(Thousands of Dollars)		Statement of Cash Flows		Year: 1998
Line No.	Item Description (a)	This Year (b)	Last Year (c)	
1	Increase/(decrease) in Cash & Cash Equivalents			
2	Cash Flows from Operating Activities:			
3	Net Income	1,061,724	941,536	
4	Reconciliation Adjustments:			
5	Depreciation & Amortization	2,406,745	2,534,827	
6	Provision for Accounts Receivable Losses	102,870	94,449	
7	Deferred Income Taxes - Net	(60,578)	(168,868)	
8	Unamortized Investment Tax Credits (ITCs) - Net	(20,471)	(22,558)	
9	Allowance for Funds Used During Construction (AFUDC)	(17,140)	(21,524)	
10	Change in Operating Receivables - Net	(28,997)	(68,554)	
11	Change in Materials, Supplies & Inventories - Net	774	(16,665)	
12	Change in Operating Payables & Accrued Liabilities - Net	(287,623)	712,635	
13	Change in Other Assets & Deferred Charges - Net	(156,736)	57,282	
14	Change in Other Liabilities & Deferred Credits - Net	258,851	146,351	
15	Other (explained on back of this page)	78,507	(8,575)	
16	Total Adjustments	2,274,200	3,238,800	
17	Net Cash Provided by/(Used in) Operating Activities	3,335,924	4,180,336	
18	Cash Inflows/Outflows From Investing Activities:			
19	Construction/Acquisition of Property, Plant & Equipment (net of AFUDC & Capital Lease Related Acquisitions)	(2,307,204)	(2,620,036)	
20	Proceeds from Disposals of Property, Plant & Equipment	274,136	195,167	
21	Investments in & Advances to Affiliates	(63,000)	0	
22	Proceeds from Repayment of Advances	0	0	
23	Other Investing Activities (explained on back of this page)	0	0	
25	Net Cash Provided by/(Used in) Investing Activities	(2,096,068)	(2,423,869)	
26	Cash Flows from Financing Activities:			
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.	61,024	(638,208)	
28	Advances from Affiliates	0	0	
29	Repayment of Advances from Affiliates	0	0	
30	Proceeds from Issuances of Long-Term Debt	320,000	28,770	
31	Repayment of Long-Term Debt	(335,477)	(47,048)	
32	Payment of Capital Lease Obligations	(107,541)	(94,009)	
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment	63,000	294,999	
34	Repurchase of Treasury Shares	0	0	
35	Dividends Paid	(1,199,649)	(1,366,700)	
36	Other Financing Activities (explained on back of this page)	0	0	
37	Net Cash Provided by Financing Activities	(1,198,643)	(1,622,196)	
38	Effect of Exchange Rate Changes on Cash	0	0	
39	Net Increase/(Decrease) in Cash & Cash Equivalents	41,213	(65,729)	
40	Cash & Cash Equivalents at Beginning of Period	25,861	91,590	
41	Cash & Cash Equivalents at End of Period	67,074	25,861	

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Company Name: U S WEST Communications, Inc.

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies
[Thousands of Dollars]

Line No	Name of Affiliate or Company (a)	Receivables and Investments-Affiliated & Nonaffiliated Companies					
		Account 1160 Temporary investments (b)	Account 1180 Telecom Accounts Receivable Horseshoe (c)	Account 1191 Other Accounts Receivable (d)	Account 1190 Accounts Receivable Allow-Other (e)	Account 1200 Notes Receivable (f)	Account 1210 Interest and Dividends Receivable (g)
1	U S WEST Wireless, LLC			24,716 -380			654 98
2	Mountain Home Telephone Company						33,595 11,758
3	El Paso County Telephone						9,249 11,430
4	SMS 180 Service						2,063
5	Mountain Development						
6	U S WEST, INC.						
7	U S WEST Communication Services, Inc						
8	U S WEST Marketing Resources Group						
9	U S WEST Advanced Technologies, Inc						
10	U S WEST Business Resources, Inc						
11	U S WEST New Vendor Group, Inc						
12	U S WEST Federal Services, Inc						
13	U S WEST International, Inc						
14	U S WEST Enterprises, Inc						
15	U S WEST Enhanced Services, Inc						
16	U S WEST Capital Corporation, Inc						
17	U S WEST Financial Services, Inc						
18	U S WEST Strategic Marketing, Inc						
19	Fox Network, Inc.						
20	U S WEST Media Group, Inc						
21	U S WEST Investments, Inc						
22	U S WEST Long Distance						
23	Foreign Office Services						
24	U S WEST Enterprises						
25	U S WEST Education Foundation						
26	U S WEST International Holdings, Inc						
27	All other investments						
28	Non-affiliates						
29	Total	4,000	1,485,714	47,844	265,654	0	6,172 4,687
							335,295 4,687

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Company Name: U S WEST Communications, Inc. - Montana
(Thousands of Dollars)

SCHEDULE 11
Net Plant in Service - Detail
Year: 1998

Line No.	Account No.	Description	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	2110	Land and Support Assets	64,860	2,042	2,907	0	63,985	30,657	33,338
2	2111	Land	1,758	0	22	1,736	1,736	0	1,634
3	2112	Motor Vehicles	9,495	230	379	0	9,396	7,672	0
4	2113	Aircraft	0	0	0	0	0	0	0
5	2114	Special Purpose Vehicles	147	0	0	147	87	60	60
6	2115	Garage Work Equipment	245	14	19	240	(43)	283	283
7	2116	Other Fixed Equipment	5,049	(5)	793	4,251	673	3,578	21,815
8	2121	Buildings	37,929	969	439	38,459	16,644	(78)	95
9	2122	Furniture	63	0	45	18	2,561	1,963	578
10	2123	Office Equipment	3,040	26	505	2,505	7,277	3,719	3,558
11	2124	General Purpose Computers	7,174	808	705	7,174	174	1	1
12	2211	Analog Electronic Switching	193	(2)	16	175	64,121	81,846	
13	2212	Digital Electronic Switching	142,174	7,797	4,004	145,987	(1)	0	(1)
14	2215	Electro-Mechanical Switching	(1)	0	0	0	0	0	0
15	2220	Operator Systems	0	0	0	0	0	0	0
16	2231	Radio Systems	16,839	175	255	16,619	7,316	9,503	
17	2232	Circuit Equipment	133,695	8,564	2,648	139,611	78,516	61,095	
18	2310	Information Ong & Term Equip	7,302	590	203	0	7,689	4,895	2,794
19	2311	Station Apparatus	0	0	0	0	0	0	0
20	2321	Customer Premises Wiring	0	0	0	0	0	0	0
21	2341	Large Private Branch Exchanges	0	0	0	0	0	0	0
22	2351	Public Telephone Term. Equip.	3,325	55	163	3,227	2,758	469	
23	2362	Other Terminal Equipment	3,987	535	40	4,462	2,137	2,325	
24	2411	Poles	6,425	(37)	91	6,287	7,719	(1,422)	
25	2420	Cable and Wire Facilities	361,068	14,976	1,171	0	374,573	183,539	191,034
26	2421	Aerial Cable	30,779	1,361	522	31,618	22,285	9,353	
27	2422	Underground Cable	39,914	1,381	59	41,236	24,797	16,439	
28	2423	Buried Cable	283,511	11,714	576	294,649	152,050	162,599	
29	2424	Submarine Cable	32	0	0	32	23	9	
30	2425	Deep Sea Cable	0	0	0	0	0	0	0
31	2426	Intrabuilding Network Cable	6,832	220	14	7,038	4,404	2,634	
32	2431	Aerial Wire	935	54	1	988	1,209	(221)	
33	2441	Conduit Systems	20,414	230	2	20,642	7,319	13,323	
34		Totals	753,964	34,089	11,298	0	776,755	345,465	39,292

* Subaccount of the account marked with a *

Company Name: U S WEST Communications, Inc.

SCHEDULE 12

Analysis of Plant Held for Future Use							Year: 1998 Book Cost of Property at End of Year (g)
Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	
1	U.S.WEST Communications, Inc. - Montana had no Plant Held for Future Use in 1998.						
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30	Totals (Sum L to L29)			0	0	0	0

Line No		Description (a)		Issue Date (b)	Maturity Date (c)	Average Cost of Long-Term Debt	Gross Proceeds (d)	Net Proceeds (e)	Outstanding Per Balance Sheet (f)	Amortization of Premium or Discount (g)	Total Cost [%]	Year-End (\$)
1	U S WEST COMMUNICATIONS											
2	3	6.75% 35 Year Debenture	11/2/05	11/2/100	250,000	N/A	246,683	99,47	246,683	6,13%	15,313	(686)
4	4	6.375% 67 Year Note	10/1/05	10/1/99	250,000	N/A	247,542	99,06	248,686	6,38%	15,938	64%
5	5	6.56% 11 Year Note	10/28/93	11/6/124	100,000	N/A	96,979	98,214	5,059	5,65%	201	5,96%
6	6	6.025% 10 Year Note	09/15/05	10/1/2005	250,000	N/A	249,681	99,36	249,392	6,63%	10,553	6,82%
7	7	6.725% 12 Year Note	11/1/03	11/1/1505	150,000	N/A	149,119	99,55	149,642	6,13%	9,168	(25)
8	8	7.500% 30 Year Debenture	06/1/03	06/1/503	484,600	N/A	479,933	99,11	482,483	7,50%	36,300	(27)
9	9	7.36% 30 Year Debenture	09/1/95	09/1/505	250,000	N/A	247,216	98,91	247,543	7,25%	18,125	5
10	10	7.200% 31 Year Debenture	11/1/05	11/1/506	250,000	N/A	249,518	98,01	249,274	7,20%	30	7,32%
11	11	9.075% 40 Year Debenture	08/01/81	08/01/131	250,000	N/A	240,477	96,19	241,131	8,89%	22,188	36
12	12	6.875% 40 Year Debenture	09/1/93	09/1/503	1,000,000	N/A	903,417	90,940	905,940	6,89%	905,750	515
13	13	7.750% 40 Year Debenture	10/15/05	10/1/505	250,000	N/A	244,514	97,66	244,384	7,25%	19,125	18
14	14	7.725% 30 Year Debenture	11/1/03	11/1/503	250,000	N/A	247,340	99,11	248,010	7,13%	17,813	(1)
15	15	5.625% 1 Year Euro Note	11/1/03	11/1/503	300,000	N/A	298,217	99,87	300,875	5,63%	33	7,48%
16	16	5.025% 10 Year Note	11/1/98	11/1/508	370,000	N/A	316,781	99,90	316,501	5,63%	18,000	11
17	17											5,69%
18	18											
19	EASTERN REGION											
20	21	4.875% 38 Year Debenture	05/01/90	05/01/200	35,410	N/A	33,516	100,30	D	4,88%	1,726	(2)
22	22	9.000% 10 Year Debenture	05/01/90	05/01/200	75,000	N/A	73,658	98,31	74,776	9,50%	7,725	91
23	23	6.000% 35 Year Debenture	05/01/95	05/01/200	50,000	N/A	49,777	96,55	49,983	6,00%	3,000	5
24	24	6.500% 39 Year Debenture	01/01/98	01/01/2007	89,00	N/A	89,045	99,77	89,506	6,25%	5,696	15
25	25	Rebursed Debenture	02/15/77	02/15/77	40,760	N/A	33,893	78,84	34,131	6,02%	498	6,28%
26	26	7.500% 40 Year Debenture	05/01/90	05/01/200	42,803	N/A					43	5,92%
27	27											9,85%
28	28											
29	29	CENTRAL REGION										
30	30											
31	31	5.000% 40 Year Debenture	04/01/90	04/01/200	40,000	N/A	40,502	101,26	40,016	5,00%	2,000	(15)
32	32	5.500% 40 Year Debenture	05/01/90	05/01/200	100,000	N/A	98,230	99,704	95,500	5,50%	9,500	129
33	33	4.500% 40 Year Debenture	06/01/92	06/01/200	50,000	N/A	50,079	101,36	50,058	4,50%	2,250	(20)
34	34	5.500% 39 Year Debenture	06/01/98	06/01/2008	40,760	N/A	40,738	99,95	40,796	5,50%	2,242	(6)
35	35	6.000% 40 Year Debenture	06/01/97	06/01/2007	70,300	N/A	69,768	99,38	70,107	6,00%	4,212	10
36	36	Rebursed Debenture	11/15/06	11/15/06	N/A						311	6,01%
37	37	Rebursed Debenture	09/15/77	09/15/77	N/A						429	5,35%
38	38	Rebursed Debenture	06/01/83	06/01/2013	N/A						899	4,10%
39	39	Rebursed Debenture	02/01/95	02/01/2017	N/A						813	3,85%
40	40	Rebursed Debenture	02/01/1997	02/01/2017	N/A						575	5,53%
41	41	Rebursed Debenture	05/01/90	05/01/2010	55,150	N/A	41,484	75,22	41,902	7,38%	1,276	5,53%
42	42	7.375% 40 Year Debenture			5,003,100	N/A	4,836,843	98,48	4,416,865	4,067	66	9,86%
43	43	Subtotal Page 1 & 2									31,179	5,432

(Thousands of Dollars)

Line No	Description (e)	Issue Date (b)	Maturity Date (b)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Outstanding Per Balance Sheet (\$)	Yield to Maturity (g)	Average Net Yield (g)	Amortization of Premium or Discount (h)	Total Cost (%) (i)	Year 1988
1	WESTERN UNION											
2	3-4.50% 27 Year Debenture	12/01/83	12/01/90	50,000	N/A	50,174	100,35	50,029	4.50%	2,250	{17}	4.47%
3	4-5.00% 27 Year Debenture	05/01/82	05/01/92	50,000	N/A	50,529	101,08	50,049	4.38%	2,188	{22}	4.32%
4	4-5.00% 40 Year Debenture	04/01/83	04/01/93	50,000	N/A	50,719	101,56	50,683	4.50%	2,250	{31}	4.43%
5	4-5.00% 40 Year Debenture	05/01/80	05/01/2020	N/A								4.65%
6	Revolving Debenture											
7	R											
8												
9	MEMORIAL TERM NOTE PROGRAM											
10	10 6.25% 2 Year Note	02/01/83	07/06/90	7,000	N/A	6,965	99,26	6,953	6.56%	459	0	6.57%
11	11 6.25% 2 Year Note	01/11/83	01/11/93	25,000	N/A	24,768	99,34	24,906	7.10%	2,485	0	7.12%
12	12 7.00% 10 Year Note	01/12/83	01/12/93	12,000	N/A	11,921	99,34	11,980	7.10%	862	0	7.12%
13	13 7.00% 10 Year Note	01/12/83	01/12/93	15,000	N/A	14,931	99,34	14,960	7.05%	1,058	0	7.07%
14	14 7.00% 10 Year Note	02/02/83	02/02/93	14,000	N/A	13,881	99,34	13,951	9.90%	1,253	0	9.98%
15	15 7.00% 10 Year Note	02/02/83	02/02/93	15,000	N/A	14,301	99,34	14,929	6.97%	1,046	0	6.99%
16	16 9.00% 10 Year Note	02/04/83	02/04/93	10,000	N/A	9,934	99,34	9,934	6.90%	690	0	6.92%
17	17 9.00% 10 Year Note	02/04/83	02/04/93	10,000	N/A	9,934	99,34	9,934	6.90%	690	0	6.92%
18	R											
19												
20	STRUCTURE NOTES (USWC)											
21	21 6.00% 5.375 Year NE Mortgagable Notes	03/15/84	03/15/99	0	N/A	0	100,00	0	6.23%	0	0	
22	22 6.25% 5.375 Year NE Mortgagable Notes	03/25/84	03/25/99	75,000	N/A	75,000	100,00	75,000	6.23%	4,073	{73}	6.13%
23	23 6.25% 5.375 Year Note	03/25/84	03/25/99	30,000	N/A	30,000	100,00	30,000	6.24%	3,842	{30}	6.14%
24	24 6.25% 5 Year Note	03/25/84	03/25/99	50,000	N/A	50,000	100,00	50,000	6.27%	3,133	{50}	6.17%
25	25 6.25% 5 Year Note	03/25/84	03/25/99	70,625	N/A	70,625	100,00	70,625	6.63%	0	6.63%	
26	26 6.63% 5 Year Note	04/02/84	04/02/94	133,060	N/A	133,000	100,00	133,000	6.51%	8,561	0	6.51%
27	27 6.72% 6 Year Note	11/12/85	11/12/91	620,625	N/A	621,378	100,12	611,061	32,562	21,3		
28	Satellite Page 2 of 2											
29												
30	Grand Total					5,653,728	N/A	5,448,221	97.06	5,629,117	378,437	5,6152
												7.66%

Company Name: US WEST Communications, Inc.

SCHEDULE 14

Year: 1985

Cost of Preferred Stock									
Line No	Description (a)	Date of Issuance (B)	Method of Offering (C)	Cut Redemption Price (d)	Face Value Or Issue Amount (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds For #100 Pb	Cost of Money (h)
1	US WEST Communications, Inc.								
2	has no Preferred Stock								
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
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24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36	Totals (Sum L1-L29)								

PAGE 15

Company Name: U S WEST Communications, Inc.

SCHEDULE 15

Year: 1988

Analysis of Common Stock

Line No	(a)	Avg Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Market Price High (g)	Market Price Low (h)	Price/ Earnings Ratio (i)
1	Year Ended December 31, 1988	1	6.054	1,062	1,200	-12.96%	N/A	N/A
2								
3								
4								
5								
6								
7								
8	Month by Month Data							
9	January		7,990,529	80,751				
10	February		7,990,541	121,729		192,319		
11	March		7,990,541	94,851		-		
12	April		7,990,541	87,329		-		
13	May		7,990,549	86,815		373,593		
14	June		8,053,616	36,543		-		
15	July		8,053,753	78,945		-		
16	August		8,053,746	81,479		276,392		
17	September		8,053,818	126,850		-		
18	October		8,053,863	95,303		-		
19	November		8,053,873	88,913		357,345		
20	December		8,053,575	82,216		-		
21								
22								
23								

Company Name: U S WEST Communications, Inc.

SCHEDULE 16

(000s) Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 1998

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Recquisition (g)
1	FUNDED DEBT						
2	5YR 5.625% Due 07-08-98	7/6/98					
3	(USWC)						
4	3YR 4.875% Due 06-01-98	6/1/98					
5	(USWC - Eastern Region)						
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Totals (Sum L 1 to L 24)		0	335,410	0	0	0

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Company Name: U S WEST Communications, Inc.

Page 1 of 2
SCHEDULE 17
Total Company Expense Matrix
Year: 1998

Line No.	Acct. No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Cleverages (g)	Total (h)
1 ^ 6110		Network Support Expense	(439,268)	(36,802)	(10,886,560)	19,280,522	0	7,977,891
2 ^ 6112		Motor Vehicle Expense	(77,276)	(51,214)	(27,171)	4,888,310	0	4,733,649
3 ^ 6113		Aircraft Expense	0	1,136	38,432	0	39,568	
4 ^ 6114		Special Purpose Vehicles Expense	1,760	462	0	41,392	0	
5 ^ 6115		Garage Work Equipment Expense	2,930	763	6,341	587,252	0	597,286
6 ^ 6116		Other Work Equipment Expense	(366,683)	13,188	(10,886,865)	13,726,356	0	2,505,995
7 ^ 6120		General Support Expense	88,32,636	22,901,822	133,620,746	191,626,509	0	436,281,714
8 ^ 6121		Land and Building Expense	11,783,155	100,088,507	100,088,613	79,539,882	0	194,412,957
9 ^ 6122		Furniture and Artwork Expense	563,460	150,381	157,485	19,538,640	0	20,415,966
10 ^ 6123		Office Equipment Expense	5,340,409	1,371,970	11,192,813	12,021,327	0	29,927,119
11 ^ 6124		General Purpose Computers Expense	70,338,612	18,370,964	22,188,834	80,526,261	0	191,525,671
12 ^ 6210		Central Office Switching Expense	109,729,883	28,145,514	86,394,876	28,202,437	0	252,522,709
13 ^ 6211		Analog Electronic Expense	23,955,181	6,147,373	11,071,943	4,631,387	0	46,006,084
14 ^ 6212		Digital Electronic Expense	85,543,288	21,926,114	75,321,991	23,352,467	0	206,143,860
15 ^ 6215		Electro Mechanical Expense	261,414	71,828	942	18,982	0	372,766
16 ^ 6220		Operator Systems Expense	16,180	4,180	6,18	240,202	0	261,180
17 ^ 6230		Central Office Transmission Expense	80,451,443	20,582,971	1,435,077	15,227,910	0	117,659,7402
18 ^ 6231		Radio Systems Expense	1,959,928	502,167	121,247	1,282,833	0	3,847,175
19 ^ 6232		Circuit Equipment Expense	78,491,514	1,313,831	13,964,077	0	113,850,227	
20 ^ 6310		Information Origination/Termination Expense	108,737,791	27,799,624	8,526,875	32,112,615	0	177,177,624
21 ^ 6311		Station Apparatus Expense	4,401,499	1,126,250	51,145	1,320,204	0	6,859,098
22 ^ 6341		Large Private Branch Exchange Expense	10,854,038	2,777,316	906,133	0	14,893,865	
23 ^ 6351		Public Telephone Terminal Equipment Expense	10,093,095	2,582,692	6,862,464	12,945,460	0	32,083,811
24 ^ 6362		Other Terminal Equipment Expense	83,388,159	21,313,366	1,456,887	17,340,917	0	123,500,330
25 ^ 6410		Cable and Wire Facilities Expense	378,811,390	108,358,495	16,582,548	171,151,412	0	67,590,3,845
26 ^ 6411		Poles Expense	322,202	82,591	10,232,965	1,896,736	0	12,334,496
27 ^ 6421		Aerial Cable Expense	78,579,301	20,192,570	1,138,143	27,134,657	0	126,954,671
28 ^ 6422		Underground Cable Expense	34,886,237	8,925,559	1,020,545	14,429,448	0	59,261,788
29 ^ 6423		Buried Cable Expense	254,136,570	76,210,710	3,794,860	115,365,877	0	449,509,016
30 ^ 6424		Submarine Cable Expense	40	11	1	(3,436)	0	(3,384)
31 ^ 6426		Deep Sea Cable Expense	0	0	0	0	0	0
32 ^ 6426		Intrabuilding Network Cable Expense	11,408,943	2,915,447	193,869	2,532,997	0	17,051,255
33 ^ 6431		Aerial Wire Expense	94,466	24,490	2,316	505,591	0	627,855
34 ^ 6431		Subtotals	766,106,423	207,655,676	25,474,333	448,554,264	0	1,657,797,891

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^ Subaccount of the account marked with a ^

Company Name: U S WEST Communications, Inc.

Page 2 of 2
Year: 1998

SCHEDULE 17

Total Company Expense Matrix								
Line No.	Acct No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	382,631	97,128	189,847	9,287,543	0	9,968,148
36	6510	Other Property Expenses	207,549	(113,756)	0	3,330,151	0	3,423,944
37	6530	Network Operations Expense	401,287,603	127,140,206	56,533	133,359,258	0	661,843,601
38	6531	Power Expense	20,465,635	0	0	42,827,098	0	42,827,098
39	6532	Network Administration Expense	118,459,777	30,346,896	0	2,994,086	0	29,310,429
40	6533	Testing Expense	195,609,665	72,573,432	55,033	39,826,700	0	151,860,759
41	6534	Plant Operations Expense	66,752,527	17,667,798	1,501	4,418,660	0	129,840,484
42	6535	Engineering Expense	0	0	0	303,101,156	0	303,101,156
43	6540	Access Expense	0	0	0	2,286,435,014	0	2,286,435,014
44	6561	Depreciation - Telecom Plant in Service	0	0	0	0	0	0
45	6562	Depreciation-Prop for Future Telecom. Use	0	0	0	99,241,675	0	99,241,675
46	6563	Amortization Expense - Tangible	0	0	0	137,511	0	137,511
47	6564	Amortization Expense - Intangible	0	0	0	20,931,164	0	20,931,164
48	6565	Amortization - Other	161,401,175	33,853,746	2,876	389,543,337	0	584,901,134
49	6610	Marketing	84,991,980	17,857,327	433	95,122,911	0	197,972,851
50	6611	Product Management	75,426,239	15,847,986	2,443	161,465,321	0	252,741,986
51	6612	Sales	98,926,956	248,254	0	132,955,105	0	134,186,314
52	6613	Product Advertising	19,886,735	8,501,899	45	3,319,301	0	31,701,980
53	6621	Call Completion Services	62,858,169	28,332,053	328	4,892,619	0	96,090,269
54	6622	Number Services	380,008,389	119,650,059	20,443	208,343,781	0	686,023,472
55	6623	Customer Services	287,785,158	9,416,472	665	63,257,499	0	101,459,793
56	6711	Executive	4,464,062	1,080,143	0	1,682,083	0	7,236,280
57	6712	Planning	41,620,203	10,511,321	712	32,245,284	0	84,377,519
58	6721	Accounting and Finance	27,297,796	6,884,099	378	65,423,616	0	99,509,888
59	6722	External Relations	25,636,358	5,413,132	174	39,465,432	0	70,345,997
60	6723	Human Relations	116,738,537	26,995,797	23,392,513	623,793,341	0	790,921,187
61	6724	Information Management	151,205	50,393	137	81,844,021	0	82,045,956
62	6725	Legal	1,980,852	508,319	0	17,822,040	0	20,319,211
63	6726	Procurement	0	0	0	198,666	0	199,666
64	6727	Research and Development	26,023,095	1,127,087	1,878,187	177,535,095	0	206,561,393
65	6728	Other General and Administrative	0	0	0	0	0	0
66	6730	Provision for Uncollectible Notes Receivable	0	0	0	0	0	0
67		Totals	2,044,861,870	587,207,676	261,027,169	5,812,136,048	0	7,905,234,765

^a Subaccount of the account marked with a ^

Company Name: U S WEST Communications, Inc. - Montana

Page of 2
Year: 1998SCHEDULE 18
Total State Expense Matrix

Line No.	Acct No.	Description	Salaries and Wages (b)	Benefits (c)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1 ^ 6110	Network Support Expense		84,617	7,845	(242,461)	684,951	0	534,987
2 ^ 6112	Motor Vehicle Expense		80,499	7,316	(617)	279,133	0	365,131
3 ^ 6113	Aircraft Expense		0	0	0	0	0	0
4 ^ 6114	Special Purpose Vehicles Expense		226	59	0	2,920	0	3,206
5 ^ 6115	Garage Work Equipment Expense		0	0	0	17,375	0	17,375
6 ^ 6116	Other Work Equipment Expense		3,942	469	(241,665)	305,524	0	148,270
7 ^ 6210	General Support Expense		1,945,356	606,350	1,631,747	3,217,191	0	7,300,674
8 ^ 6211	Land and Building Expense		355,049	90,692	464,842	1,367,880	0	2,278,484
9 ^ 6212	Furniture and Artworks Expense		7,306	2,866	36,895	203,588	0	239,572
10 ^ 6213	Office Equipment Expense		19,427	5,005	193,010	1,463,248	0	447,014
11 ^ 6214	General Purpose Computers Expense		1,563,584	407,787	937,000	1,160,244	0	4,371,519
12 ^ 6210	Central Office Switching Expense		3,012,721	775,182	2,070,267	0	7,018,414	
13 ^ 6211	Analog Electronic Expense		209,987	54,025	282,087	1,584,282	0	551,931
14 ^ 6212	Digital Electronic Expense		2,801,637	720,890	1,768,186	1,154,303	0	6,486,036
15 ^ 6215	Electro-Mechanical Expense		1,067	268	14	98	0	1,447
16 ^ 6220	Operator Systems Expense		0	0	0	2,956	0	2,959
17 ^ 6220	Central Office Transmission Expense		1,835,101	470,588	42,586	474,286	0	2,822,531
18 ^ 6231	Radio Systems Expense		63,251	16,298	20,580	15,481	0	115,620
19 ^ 6232	Circuit Equipment Expense		1,771,850	454,270	22,005	498,785	0	2,706,910
20 ^ 6310	Information Origination/Termination Expense		1,851,210	475,686	25,082	324,519	0	2,676,497
21 ^ 6311	Station Apparatus Expense		3,495	802	24	882	0	5,293
22 ^ 6341	Large Private Branch Exchange Expense		69,005	17,816	1,112	7,168	0	95,100
23 ^ 6351	Public Telephone Terminal Equipment Expense		315,369	80,950	0	50,336	0	446,655
24 ^ 6362	Other Terminal Equipment Expense		1,463,341	376,028	23,946	286,133	0	2,129,449
25 ^ 6410	Cable and Wire Facilities Expenses		6,368,600	2,034,751	300,881	1,632,753	0	10,356,986
26 ^ 6411	Poles Expense		1,134	286	211,505	93,645	0	306,579
27 ^ 6421	Aerial Cable Expense		1,432,926	368,735	20,923	325,044	0	2,147,628
28 ^ 6422	Underground Cable Expense		352,270	90,943	5,265	92,682	0	541,159
29 ^ 6423	Buried Cable Expense		4,402,220	1,528,479	58,796	1,076,456	0	7,065,961
30 ^ 6424	Submarine Cable Expense		0	0	0	0	0	0
31 ^ 6425	Deep Sea Cable Expense		0	0	0	0	0	0
32 ^ 6426	Intrabuilding Network Cable Expense		178,820	45,984	2,657	33,308	0	260,707
33 ^ 6431	Aerial Wire Expense		362	94	5	7,058	0	7,550
34 ^	Subtotals		15,097,685	4,270,362	3,828,092	7,516,383	0	30,713,042

* Subaccount of the account marked with a *.

Company Name: U S WEST Communications, Inc. - Montana

Page 2 of 2
Year: 1998SCHEDULE 18
Total State Expense Matrix

Line No.	Accr. No.	Description	Salaries and Wages (b)	Benefits (c)	Rents (d)	Other Expenses (e)	Clearances (g)	Total (h)
35 ^ 6541	Conduit Systems Expense		869	220	1,732	24,531	0	27,362
36 ^ 6510	Other Property Expenses		90,955	18,957	0	(262,557)	0	(143,365)
37 ^ 6530	Network Operations Expense		7,183,423	2,215,151	301	3,96,027	0	12,994,902
38 ^ 6531	Power Expense		0	0	0	913,289	0	913,289
39 ^ 6532	Network Administration Expense		244,923	73,117	0	52,215	0	370,254
40 ^ 6533	Testing Expense		2,626,042	672,452	0	65,322	0	3,364,815
41 ^ 6534	Plant Operations Expense		3,153,280	1,168,005	280	1,35,216	0	5,534,982
42 ^ 6535	Engineering Expense		1,159,176	301,377	21	1,35,985	0	2,811,561
43	Access Expense		0	0	0	11,895,337	0	11,895,337
44	65611 Depreciation - Telecomm. Plant in Service		0	0	0	55,732,729	0	55,732,729
45	65622 Depreciation - Prop. for Future Telecom. Use		0	0	0	0	0	0
46	65631 Amortization Expense - Tangible		0	0	0	1,426,049	0	1,426,049
47	65644 Amortization Expense - Intangible		0	0	0	3,407	0	3,407
48	65655 Amortization - Other		0	0	0	32,888	0	32,888
49 ^ 65110 Marketing			3,259,513	659,094	9	7,015,561	0	10,934,207
50 ^ 65111 Product Management			1,783,145	367,086	6	2,062,618	0	4,212,855
51 ^ 65112 Sales			1,441,002	284,694	3	4,642,487	0	4,642,487
52 ^ 65113 Product Advertising			35,366	7,314	0	2,036,205	0	2,078,885
53	65211 Call Completion Services		745,069	314,580	20	1,163,077	0	1,163,077
54	65222 Number Services		1,037,894	489,709	57	68,802	0	1,595,462
55	6523 Customer Services		7,428,809	2,446,804	450	5,306,353	0	15,182,416
56	65111 Executive		810,056	205,331	12	1,388,925	0	2,384,325
57	65112 Planning		97,515	23,516	0	36,489	0	157,530
58	65211 Accounting and Finance		929,966	225,984	16	710,087	0	1,876,052
59	65122 External Relations		1,085,570	265,605	3	1,131,230	0	2,462,488
60	6523 Human Relations		964,719	118,700	4	964,487	0	1,587,910
61	65124 Information Management		2,580,760	505,764	462,943	13,447,061	0	17,086,527
62	6525 Legal		2,948	956	3	1,917,564	0	1,921,431
63	65126 Procurement		42,497	10,819	0	304,393	0	447,709
64	65227 Research and Development		0	0	0	4,419	0	4,419
65	65228 Other General and Administrative		613,080	39,713	1,346	3,922,409	0	4,577,648
66	65190 Provision for Uncollectible Notes Receivable		0	0	0	0	0	0
67 ^	Totals		41,540,237	11,911,166	4,293,755	116,282,080	0	174,097,239

^ Subaccount of the account marked with a ^.

Company Name: U S WEST Communications, Inc.

Schedule 19**Pension Costs**

Year:1998

1	Plan Name U S WEST Pension Plan			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Projected Unit Credit	IRS Code: 005		
4	Annual Contribution by Employer: 0	Is the Plan Over Funded? Yes		
5				
6	Item	Current Year	Last Year	% Change
7	Change in Benefit Obligation			
8	Benefit obligation at beginning of year	7,562,345	8,310,000	-9.00%
9	Service cost	155,897	175,725	-11.28%
10	Interest Cost	527,412	624,826	-15.59%
11	Plan participants' contributions	0	0	0.00%
12	Amendments	0	0	0.00%
13	Actuarial Gain	410,884	750,095	-45.22%
14	Acquisition	0	0	0.00%
15	Benefits paid	(533,380)	(694,000)	23.14%
16	Benefit obligation at end of year	8,123,158	9,166,646	-11.38%
17	Change In Plan Assets			
18	Fair value of plan assets at beginning of year	10,114,246	10,957,682	-7.70%
19	Actual return on plan assets	1,302,507	1,982,601	-34.30%
20	Acquisition	0	0	0.00%
21	Employer contribution	0	0	0.00%
22	Plan participants' contributions	0	0	0.00%
23	Benefits paid	(587,397)	(680,368)	13.66%
24	Fair value of plan assets at end of year	10,829,356	12,259,915	-11.67%
25	Funded Status	2,706,198	3,093,269	-12.51%
26	Unrecognized net actuarial loss	(1,810,652)	(1,966,181)	7.91%
27	Unrecognized prior service cost	(381,398)	(540,051)	29.38%
28	Prepaid (accrued) benefit cost	514,148	587,037	-12.42%
29	Weighted-average Assumptions as of Year End			
30	Discount rate	6.75%	7.00%	-3.57%
31	Expected return on plan assets	8.80%	8.50%	3.53%
32	Rate of compensation increase	4.65%	5.50%	-15.45%
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	155,897	175,725	-11.28%
36	Interest cost	527,412	624,826	-15.59%
37	Expected return on plan assets	(702,901)	(758,950)	7.39%
38	Amortization of prior service cost & transition obligation	(63,654)	(77,741)	18.12%
39	Recognized net actuarial loss	0	0	0.00%
40	Net periodic benefit cost	(83,246)	(36,140)	-130.34%
41				
42	Montana Intrastate Costs:			
43	Pension Costs	(1,250)	(441)	-183.45%
44	Pension Costs Capitalized	(108)	(41)	-163.41%
45	Accumulated Pension Asset (Liability) at Year End	9,141	8,828	3.55%
46	Number of Company Employees:			
47	Covered by the Plan	83,724	102,429	-18.26%
48	Not Covered by the Plan	0	0	0.00%
49	Active	45,155	63,186	-28.54%
50	Retired	38,569	39,241	-1.71%
51	Deferred Vested Terminated	13,968	17,128	-18.45%

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Note: Last Year's numbers are on a U S WEST, Inc. Basis. No Actuarial report was prepared on a USWC basis. Current Year numbers are on a U S WEST Communications Basis.

Company Name: U S WEST Communications, Inc.

Schedule 20

Page 1 of 2

Year: 1998

(\$'s in 000's)

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: 90 12 86			
4 Order number: 5535g			
5 Amount recovered through rates-MT intrastate	4,085	3,903	4.66%
6 Weighted-average Assumptions as of Year End			
7 Discount rate	6.75%	7.00%	-3.57%
8 Expected return on plan assets	8.80%	8.50%	3.53%
9 Medical Cost Inflation Rate	8% graded to 5%	8% graded to 5.5%	
10 Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	
11 Rate of compensation increase	N/A	N/A	
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13 VEBA - Yes	420 Transfer - Yes		
14 Cash - Yes			
15 Describe any Changes to the Benefit Plan:			
16 There were no significant plan design changes in 1998			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year	4,209,557	3,617,857	16.35%
20 Service cost	60,752	53,512	13.53%
21 Interest Cost	293,004	269,477	8.73%
22 Plan participants' contributions	0	0	0.00%
23 Amendments	0	0	0.00%
24 Actuarial Gain	48,560	414,010	-88.27%
25 Acquisition	0	0	0.00%
26 Benefits paid	(170,877)	(145,299)	-17.60%
27 Benefit obligation at end of year	4,440,996	4,209,557	5.50%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	2,204,542	1,851,890	19.04%
30 Actual return on plan assets	272,138	406,965	-33.13%
31 Acquisition	0	0	0.00%
32 Employer contribution	18,000	18,000	0.00%
33 Plan participants' contributions	0	0	0.00%
34 Benefits paid	(116,860)	(72,313)	-61.60%
35 Fair value of plan assets at end of year	2,377,820	2,204,542	7.88%
36 Funded Status			
37 Unrecognized net actuarial loss	(2,063,176)	(2,005,015)	-2.90%
38 Unrecognized prior service cost	(383,234)	(408,634)	6.22%
39 Prepaid (accrued) benefit cost	2,418,433	2,567,715	-5.81%
	(27,977)	154,066	-118.16%
40 Components of Net Periodic Benefit Costs			
41 Service cost	60,752	53,512	13.53%
42 Interest cost	293,004	269,477	8.73%
43 Expected return on plan assets	(195,318)	(156,628)	-24.70%
44 Amortization of prior service cost	149,282	149,605	-0.22%
45 Recognized net actuarial loss	(25,400)	(21,721)	-16.94%
46 Net periodic benefit cost	282,320	294,245	-4.05%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	18,000	18,000	0.00%
49 Amount Funded through 401(h)	0	0	0.00%
50 Amount Funded through Other - Cash Payments	54,017	63,229	-14.57%
51 TOTAL	72,017	81,229	-11.34%
52 Amount that was tax deductible - VEBA	18,000	18,000	0.00%
53 Amount that was tax deductible - 401(h)	0	0	0.00%
54 Amount that was tax deductible - Other - 420 Transfer	54,017	63,229	-14.57%
55 TOTAL	72,017	81,229	-11.34%

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Company Name: U S WEST Communications, Inc.

Schedule 20

Page 2 of 2
Year:1998

(\$'s in 000's) Other Post Employment Benefits (OPEBS)Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	81,682	83,183	-1.83%
3	Not Covered by the Plan	0	0	0.00%
4	Active	45,155	46,324	-2.52%
5	Retired	36,507	36,859	-0.95%
6	Spouses/Dependants covered by the Plan	22,725	N/A	
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	52,392	42,993	21.86%
10	Service cost	855	678	26.11%
11	Interest Cost	4,125	3,721	10.86%
12	Plan participants' contributions	0	0	0.00%
13	Amendments	0	0	0.00%
14	Actuarial Gain	340	6,788	-94.99%
15	Acquisition	0	0	0.00%
16	Benefits paid	(2,439)	(1,788)	-36.41%
17	Benefit obligation at end of year	55,273	52,392	5.50%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	43,975	36,411	20.77%
20	Actual return on plan assets	4,388	6,290	-30.24%
21	Acquisition	0	0	0.00%
22	Employer contribution	2,844	3,062	-7.12%
23	Plan participants' contributions	0	0	0.00%
24	Benefits paid	(1,669)	(1,788)	6.66%
25	Fair value of plan assets at end of year	49,538	43,975	12.65%
26	Funded Status			
27	Unrecognized net actuarial loss	(5,735)	(8,417)	31.88%
28	Unrecognized prior service cost(including TBO)	(1,065)	(1,715)	37.90%
29	Prepaid (accrued) benefit cost	6,723	10,779	-37.63%
30	Components of Net Periodic Benefit Costs			
31	Service cost	855	678	26.11%
32	Interest cost	4,125	3,721	10.86%
33	Expected return on plan assets	(4,023)	(3,065)	-31.26%
34	Amortization of prior service cost	2,629	2,569	2.34%
35	Recognized net actuarial loss	0	0	0.00%
36	Net periodic benefit cost	3,586	3,903	-8.12%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	1,669	3,062	-45.49%
39	Amount Funded through 401(h)	0	0	0.00%
40	Amount Funded through other - 420 Transfer	771	840	-8.21%
41	TOTAL	2,440	3,902	-37.47%
42	Amount that was tax deductible - VEBA	1,669	3,062	-45.49%
43	Amount that was tax deductible - 401(h)	0	0	0.00%
44	Amount that was tax deductible - Other	771	840	-8.21%
45	TOTAL	2,440	3,902	-37.47%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	3,990	3,731	6.94%
48	Benefit Cost Capitalized	95	172	-44.77%
49	Benefit Payments - Medical	2,228	1,664	33.89%
50	Number of Montana Employees:			
51	Covered by the Plan	584	468	24.79%
52	Not Covered by the Plan	0	0	0.00%
53	Active	584	468	24.79%
54	Retired	N/A	N/A	
55	Spouses/Dependants covered by the Plan	N/A	N/A	

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Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	ACTION LEARNING ASSOCIATES	Academia	350		
2	ANDERSEN CONSULTING LLP	Academia	397		
3	CAEL-ADMINISTRATION	Academia	1,613		
4	CENTER FOR THE NEW WEST	Academia	234		
5	CONDIT EXHIBITS	Academia	31		
6	CWA DISTRICT 7	Academia	37		
7	DIGITAL MASTERWORK	Academia	30		
8	HILL ASSOCIATES INC	Academia	86		
9	QUIMA LEARNING SYSTEMS INC	Academia	40		
10	SEQUENT COMPUTER SYSTEMS INC	Academia	157		
11	VIASOFT	Academia	300		
12					
13	TOTAL ACADEMIA		3,275		
14					
15	AB HIRSCHFELD PRESS INC	Advertising and Information Services	393		
16	ADVERTISING IMPRESSIONS INC	Advertising and Information Services	349		
17	ARIZONA DIAMOND BACKS	Advertising and Information Services	2,034		
18	ASCENT ENTERTAINMENT GROUP INC	Advertising and Information Services	5,000		
19	AUSTIN KNIGHT INC	Advertising and Information Services	2,072		
20	BLUE MARBLE ADVANCED COMMUNICATION	Advertising and Information Services	383		
21	BRODEUR PORTER NOVELLI	Advertising and Information Services	294		
22	CADMUS DIRECT MARKETING INC	Advertising and Information Services	841		
23	CAMPBELL MITHUN ESTY INC	Advertising and Information Services	5,270		
24	CARLSON MARKETING GROUP	Advertising and Information Services	536		
25	CASH PLUS INC	Advertising and Information Services	39,149		
26	CIDCO INC	Advertising and Information Services	7,915		
27	COLORADO ROCKIES BASEBALL CLUB	Advertising and Information Services	2,160		
28	COMPUTER TRAINING ASSOCIATES	Advertising and Information Services	310		
29	CONDIT EXHIBITS	Advertising and Information Services	474		
30	CORPORATE ARTS	Advertising and Information Services	684		
31	CRAMER-KRASSEL COMPANY	Advertising and Information Services	8,150		
32	CREATIVE WORKS INC	Advertising and Information Services	295		
33	DBB NEEDHAM	Advertising and Information Services	4,930		
34	EXECUTIVE MAILING SERVICE INC	Advertising and Information Services	397		
35	FULL HOUSE SPORTS & ENTERTAINMENT	Advertising and Information Services	501		
36	HADLEY GREEN ADVERTISING	Advertising and Information Services	252		
37	HAGAN COMMUNICATIONS	Advertising and Information Services	762		
38	HERITAGE	Advertising and Information Services	415		
39	INGALLS MORANVILLE ADVERTISING	Advertising and Information Services	1,132		
40	INGLEWOOD PRINT & MAIL	Advertising and Information Services	2,199		
41	INNOTRAC	Advertising and Information Services	578		
42	INTERNATIONAL MERCHANDISING CO	Advertising and Information Services	300		
43	INTERSTATE PRINTING COMPANY	Advertising and Information Services	531		
44	MARGOT MCDONALD/PRINT UNLIMIT	Advertising and Information Services	270		
45	MEDIA PASSAGE INC	Advertising and Information Services	10,922		
46	MICROTEK	Advertising and Information Services	603		
47	MINNESOTA TIMBERWOLVES FOUNDATION	Advertising and Information Services	272		
48	MINNENTERTAINMENT CO	Advertising and Information Services	400		
49	MORGAN & COMPANY	Advertising and Information Services	1,043		
50	NEW AND IMPROVED ADVERTISING	Advertising and Information Services	5,527		
51	NW AYER & PARTNERS	Advertising and Information Services	14,509		
52	OLYMPIC PROPERTIES OF THE UNIT	Advertising and Information Services	4,000		
53	OMAHA WORLD HERALD	Advertising and Information Services	267		
54	OUTDOOR SERVICES	Advertising and Information Services	1,171		
55	PHOENIX SUNS LIMITED PARTNERSHIP	Advertising and Information Services	2,392		
56	PRECISION DIRECT INC	Advertising and Information Services	997		
57	PREVISION MARKETING INC	Advertising and Information Services	3,718		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees			(\$000S)	Year: 1998	
Line No	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
58	SEATTLE SUPERSONICS	Advertising and Information Services	509		
59	SOLIS ADVERTISING & PUBLIC RELATIONS	Advertising and Information Services	1,644		
60	STRATECON	Advertising and Information Services	1,070		
61	THE INTEGER GROUP	Advertising and Information Services	2,694		
62	THE SUTHERLAND GROUP LTD	Advertising and Information Services	2,024		
63	U S WEST COMMUNICATIONS SERVICE	Advertising and Information Services	2,618		
64	U S WEST DEX	Advertising and Information Services	771		
65	UNITED STATES FIGURE SKATING	Advertising and Information Services	250		
66	U S WEST ACCOUNTS RECEIVABLE	Advertising and Information Services	6,761		
67	U S WEST COMMUNICATIONS	Advertising and Information Services	290		
68	USA BASEBALL	Advertising and Information Services	301		
69	UTAH JAZZ	Advertising and Information Services	272		
70	VANGILDER ENTERPRISES	Advertising and Information Services	781		
71	VAUGHN WEDEEN CREATIVE INC	Advertising and Information Services	471		
72	VSA PARTNERS INC	Advertising and Information Services	1,326		
73					
74	TOTAL ADVERTISING AND INFORMATION SERVICES		156,109		
75					
76	ARTHUR ANDERSEN & COMPANY	Audit and Accounting Service	27		
77	ARTHUR ANDERSEN LLP	Audit and Accounting Service	579		
78	COOPERS & LYBRAND LLP	Audit and Accounting Service	41		
79	DECISIONISM INC	Audit and Accounting Service	92		
80					
81	TOTAL AUDIT AND ACCOUNTING SERVICES		739		
82					
83	AAA COLLECTIONS INC	Clerical and Office Services	358		
84	ACCENT SERVICE COMPANY INCORPORATED	Clerical and Office Services	6,533		
85	ACCOUNT RECOVERY INCORPORATED	Clerical and Office Services	118		
86	ADVANTAGE RECEIVABLE SOLUTIONS	Clerical and Office Services	858		
87	ALLIED INTERSTATE INC	Clerical and Office Services	175		
88	BONDED COLLECTION SERVICE	Clerical and Office Services	53		
89	CBT CREDIT SERVICES	Clerical and Office Services	272		
90	COASTAL ADJUSTMENT BUREAU INC	Clerical and Office Services	278		
91	COLLECT COASTAL ADJUSTMENT BUR	Clerical and Office Services	81		
92	COLLECT DIVERSIFIED ADJUSTMENT	Clerical and Office Services	162		
93	COLLECT W C I FINANCIAL SERVICE	Clerical and Office Services	802		
94	COLLECTION CENTER INC	Clerical and Office Services	232		
95	COLLECTION SERVICE BUREAU	Clerical and Office Services	569		
96	COLLECTRITE INC	Clerical and Office Services	63		
97	CONTINENTAL ALLIANCE INC	Clerical and Office Services	3,011		
98	CREDIT BUREAU OF MISSOULA	Clerical and Office Services	554		
99	DIVERSIFIED ADJ SVC INC	Clerical and Office Services	39		
100	DIVERSIFIED ADJUSTMENT BUREAU	Clerical and Office Services	33		
101	EQUIFAX CREDIT INFORMATION SERVICE	Clerical and Office Services	1,018		
102	KNIGHT ADJUSTMENT BUREAU	Clerical and Office Services	224		
103	NATIONWIDE CREDIT INC.	Clerical and Office Services	659		
104	OLSTEN STAFFING ACCOUNTING	Clerical and Office Services	1,262		
105	OLSTEN STAFFING SERVICES INC	Clerical and Office Services	13,671		
106	RED RIVER COLLECTIONS INCORPORATED	Clerical and Office Services	287		
107	W C I FINANCIAL SERVICES INC	Clerical and Office Services	1,490		
108					
109	TOTAL CLERICAL AND OFFICE SERVICES		32,802		
110					
111	ACTUATE SOFTWARE CORP	Computer and Data Processing	397		
112	ADVANTAGE KBS INC	Computer and Data Processing	451		
113	AIC/TECHWEST ANALYST INTERNATIONAL	Computer and Data Processing	56,601		
114	AMERICAN MANAGEMENT SYSTEMS INC	Computer and Data Processing	13,999		

Company Name: U S WEST Communications, INC

SCHEDULE 21**Payments for Services to Persons Other Than Employees**

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
115	ANDERSEN CONSULTING	Computer and Data Processing	850		
116	ANDERSEN CONSULTING LLP	Computer and Data Processing	1,012		
117	BEECHWOOD DATA SYSTEMS	Computer and Data Processing	524		
118	BLUESTONE SOFTWARE INC	Computer and Data Processing	254		
119	BORN INFORMATION SERVICES INC	Computer and Data Processing	822		
120	CAP GEMINI AMERICA	Computer and Data Processing	329		
121	CARNEGIE GROUP INC	Computer and Data Processing	942		
122	COMPASS AMERICA INC	Computer and Data Processing	337		
123	COMPUTEC INTERNATIONAL RESOURCE	Computer and Data Processing	391		
124	CREATIVE INTERNET SOLUTIONS	Computer and Data Processing	341		
125	DMR CONSULTING GROUP INC	Computer and Data Processing	271		
126	ENCOMPASS TECHNOLOGIES INC	Computer and Data Processing	293		
127	ENTEX INFORMATION SERVICES	Computer and Data Processing	12,075		
128	GEOIT	Computer and Data Processing	525		
129	GTE DATA SERVICES INCORPORATED	Computer and Data Processing	1,588		
130	HEWLETT PACKARD	Computer and Data Processing	1,001		
131	KONARK INC	Computer and Data Processing	649		
132	LUCENT TECHNOLOGIES INC	Computer and Data Processing	696		
133	NCR CORPORATION	Computer and Data Processing	250		
134	OFFICESCAPES BUSINESS FURNITURE	Computer and Data Processing	362		
135	OUTSOURCE TECHNOLOGIES INC	Computer and Data Processing	822		
136	RADIO SATELLITE INTEGRATORS	Computer and Data Processing	375		
137	ROBBINS GIOIA INC	Computer and Data Processing	2,923		
138	SCC COMMUNICATIONS CORP	Computer and Data Processing	4,763		
139	SHL VISION	Computer and Data Processing	1,213		
140	TATA CONSULTANCY SERVICES	Computer and Data Processing	11,951		
141	WORKFLOW SOLUTIONS INC	Computer and Data Processing	329		
142					
143	TOTAL COMPUTER AND DATA SVCS		117,336		
144					
145	A D & ASSOCIATES EXECUTIVE SEA	Consulting and Research Service	26		
146	A G WASSENAAR INC	Consulting and Research Service	228		
147	ACTION LEARNING ASSOCIATES	Consulting and Research Service	1,692		
148	ACTUATE SOFTWARE CORP	Consulting and Research Service	72		
149	ADVANCED CONCEPT ENGINEERING	Consulting and Research Service	52		
150	AGRA EARTH & ENVIRONMENTAL	Consulting and Research Service	32		
151	AIA (MITCHELL LANDERSON DBA)	Consulting and Research Service	33		
152	ALVINE & ASSOCIATES INC	Consulting and Research Service	170		
153	AMDAHL CORPORATION	Consulting and Research Service	72		
154	AMERICAN EXPRESS CASHIER OPERA	Consulting and Research Service	27		
155	AMERICAN MANAGEMENT SYSTEMS INC	Consulting and Research Service	69		
156	AMERICA'S REGISTRY INC	Consulting and Research Service	121		
157	ANDERSEN CONSULTING	Consulting and Research Service	317		
158	ANDERSEN CONSULTING LLP	Consulting and Research Service	1,821		
159	ANDRE DAVID & ASSOCIATES INC	Consulting and Research Service	45		
160	APCO ASSOCIATES INC	Consulting and Research Service	55		
161	APPLICATION PROFILES	Consulting and Research Service	295		
162	APPLIED TECHNOLOGIES INC	Consulting and Research Service	31		
163	ARCHITECTURAL RESOURCES INC	Consulting and Research Service	68		
164	ARTHUR ANDERSEN LLP	Consulting and Research Service	92		
165	AT&T	Consulting and Research Service	48		
166	BAIN & COMPANY INC	Consulting and Research Service	8,478		
167	BCER CONSULTING ENGINEERS	Consulting and Research Service	186		
168	BS&K/TERRANEXT	Consulting and Research Service	46		
169	BELLCORE	Consulting and Research Service	145		
170	BEST CONSULTING	Consulting and Research Service	238		
171	BI PERFORMANCE SERVICES	Consulting and Research Service	230		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
172	BILLIG & ASSOCIATES	Consulting and Research Service	35		
173	BOLDT THATCHER	Consulting and Research Service	51		
174	BORN INFORMATION SERVICES INC	Consulting and Research Service	116		
175	BPLW ARCHITECTS & ENGINEERS INC	Consulting and Research Service	139		
176	BURKE INC	Consulting and Research Service	215		
177	C B COMMERCIAL	Consulting and Research Service	128		
178	CALL CENTER LEARNING SOLUTIONS	Consulting and Research Service	445		
179	CALL TECHNOLOGIES INC	Consulting and Research Service	57		
180	CAP GEMINI AMERICA	Consulting and Research Service	464		
181	CENTURY WEST ENGINEERING CORP	Consulting and Research Service	54		
182	CLARITAS INC	Consulting and Research Service	46		
183	COLAMETTE CONSTRUCTION CO	Consulting and Research Service	35		
184	COLUMBIA CONSULTING ENGINEERS	Consulting and Research Service	74		
185	COMMERCIAL BUILDING CONSULTANT	Consulting and Research Service	166		
186	COMMERCIAL ROOF MANAGEMENT INC	Consulting and Research Service	32		
187	COMMISSIONER OF PATENTS AND TRADEMARKS	Consulting and Research Service	35		
188	CONSTAT INC	Consulting and Research Service	45		
189	COOPERS & LYBRAND	Consulting and Research Service	373		
190	COOPERS & LYBRAND LLP	Consulting and Research Service	328		
191	CORE STATES BANK NA	Consulting and Research Service	39		
192	CORESTATES BANK NA	Consulting and Research Service	175		
193	CRAWFORD & COMPANY	Consulting and Research Service	53		
194	CRITERION COMMUNICATIONS	Consulting and Research Service	167		
195	CRK MEDIA	Consulting and Research Service	150		
196	CSC INDEX INC	Consulting and Research Service	30		
197	CUSHMAN & WAKEFIELD INC	Consulting and Research Service	82		
198	DATA CRAFT	Consulting and Research Service	188		
199	DAVID WATSON	Consulting and Research Service	106		
200	DELOITTE & TOUCHE CONSULTING	Consulting and Research Service	975		
201	DELOITTE & TOUCHE LLP	Consulting and Research Service	234		
202	DELTA ENVIRONMENTAL CONSULTANT	Consulting and Research Service	37		
203	DIGITAL EQUIPMENT CORPORATION	Consulting and Research Service	51		
204	DIVISION 7 DESIGN	Consulting and Research Service	38		
205	DOUGHERTY CONSULTANTS	Consulting and Research Service	32		
206	DR L A COX JR COX ASSOCIATES	Consulting and Research Service	176		
207	DRAKE BEAM MORIN INC	Consulting and Research Service	31		
208	ED JENKS	Consulting and Research Service	92		
209	EDH STRATEGIC MARKETING INC	Consulting and Research Service	37		
210	ELOQUENT INC	Consulting and Research Service	32		
211	EMPLOYERS UNITY INC	Consulting and Research Service	58		
212	ENGINEERING INDUSTRIES LTD	Consulting and Research Service	112		
213	ENTERPRISE RESEARCH	Consulting and Research Service	42		
214	ERNST & YOUNG LLP	Consulting and Research Service	1,033		
215	EXCELL DATA CORPORATION	Consulting and Research Service	35		
216	EXCHANGE APPLICATIONS INC	Consulting and Research Service	50		
217	FARIDEH MOHAJER	Consulting and Research Service	26		
218	FAXNET CORP	Consulting and Research Service	460		
219	FIRST STRIKE ENVIRONMENTAL	Consulting and Research Service	115		
220	FIRST UNION NATIONAL BANK	Consulting and Research Service	64		
221	FLAKE-WILKERSON MARKET INSIGHT	Consulting and Research Service	124		
222	FMG MARKETING	Consulting and Research Service	63		
223	FORTE SOFTWARE INC	Consulting and Research Service	31		
224	GIL GORDON ASSOCIATES	Consulting and Research Service	76		
225	GLHN ARCHITECTS & ENGINEERS	Consulting and Research Service	27		
226	GLOBAL ADVANTAGE INC	Consulting and Research Service	74		
227	GORDON GUMESON AND ASSOCIATES	Consulting and Research Service	77		
228	GORDON PRILL DRAPES	Consulting and Research Service	89		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
229	GREENFIELD ONLINE RESEARCH CENTER	Consulting and Research Service	45		
230	GRIGGS ANDERSON RESEARCH	Consulting and Research Service	114		
231	GRUBB & ELLIS	Consulting and Research Service	26		
232	HART CROWSER INC	Consulting and Research Service	56		
233	HEADMAN ASSOCIATES	Consulting and Research Service	80		
234	HEATH ENGINEERING COMPANY	Consulting and Research Service	52		
235	HEIDRICK & STRUGGLES INC	Consulting and Research Service	272		
236	HENTZEN RESEARCH	Consulting and Research Service	161		
237	HIGH PLAINS ASSOCIATES INC	Consulting and Research Service	49		
238	HNTB CORPORATION	Consulting and Research Service	159		
239	HOPKINS RODEN CROCKETT HANSEN	Consulting and Research Service	75		
240	HWS CONSULTING GROUP INC	Consulting and Research Service	273		
241	IBM	Consulting and Research Service	185		
242	IBM CORPORATION	Consulting and Research Service	325		
243	INDEX RESEARCH AND ADVISORY	Consulting and Research Service	35		
244	INTERACTIVE MEDIA CORP	Consulting and Research Service	1,670		
245	INTERARC INC	Consulting and Research Service	93		
246	INTERLINK GROUP INC	Consulting and Research Service	57		
247	INTERNATIONAL MERCHANDISING CO	Consulting and Research Service	133		
248	INTERSOLV	Consulting and Research Service	37		
249	J D POWER AND ASSOCIATES	Consulting and Research Service	40		
250	J HOWARD & ASSOC INC	Consulting and Research Service	589		
251	J HOWARD AND ASSOCIATES	Consulting and Research Service	93		
252	JAMES O WEZELMAN PC	Consulting and Research Service	25		
253	JAMES T ANDERSON	Consulting and Research Service	102		
254	JOEL POPKIN & CO	Consulting and Research Service	44		
255	JOHN D SCHICK & ASSOCIATES	Consulting and Research Service	119		
256	K J SCHWARTZ ENGINEERING INCORP	Consulting and Research Service	55		
257	KAISEI ASSOCIATES INC	Consulting and Research Service	142		
258	KELLOGG GRADUATE SCHOOL OF MGM	Consulting and Research Service	33		
259	KOSTE/FORBES LLC	Consulting and Research Service	117		
260	KPMG PEAT MARWICK LLC	Consulting and Research Service	50		
261	L E C G INC	Consulting and Research Service	661		
262	MAR/R/C INC	Consulting and Research Service	117		
263	MAR & ASSOCIATES	Consulting and Research Service	26		
264	MARITZ MARKETING RESEARCH INC	Consulting and Research Service	173		
265	MARKET FACTS INC	Consulting and Research Service	100		
266	MARKET RESPONSE	Consulting and Research Service	53		
267	MARKET STRATEGIES INC	Consulting and Research Service	157		
268	MARLE RESEARCH (TERRY L MARLE)	Consulting and Research Service	101		
269	MCMAHON GROUP	Consulting and Research Service	40		
270	MEDER & ASSOCIATES INC	Consulting and Research Service	79		
271	MENTIS CORPORATION	Consulting and Research Service	44		
272	NETWORK COMPUTER INC	Consulting and Research Service	1,067		
273	NFO RESEARCH INC	Consulting and Research Service	52		
274	NW AYER & PARTNERS	Consulting and Research Service	28		
275	OFFICE PAVILION	Consulting and Research Service	47		
276	OMNITECH CONSULTING GROUP INC	Consulting and Research Service	492		
277	P & E ENGINEERING CO	Consulting and Research Service	60		
278	PARAMOUNT DESIGNS INC	Consulting and Research Service	111		
279	PAUL ROGERS & ASSOCIATES	Consulting and Research Service	50		
280	PERPETUAL DATA SOLUTIONS	Consulting and Research Service	37		
281	PERSONNEL DECISIONS INC	Consulting and Research Service	155		
282	PITTIGLIO RABIN TODD & MCGRATH	Consulting and Research Service	1,940		
283	PNR & ASSOCIATES INC	Consulting and Research Service	300		
284	POWER ENGINEERS	Consulting and Research Service	551		
285	PRICE WATERHOUSE COOPERS LLP	Consulting and Research Service	98		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
286	PRICE WATERHOUSE LLP	Consulting and Research Service	241		
287	PRICEWATERHOUSE COOPERS LLP	Consulting and Research Service	75		
288	PRISM SOLUTIONS INC	Consulting and Research Service	35		
289	PRODUCTIVE DATA SYSTEMS INC	Consulting and Research Service	33		
290	PROFESSIONAL COMPUTING RESOURCE	Consulting and Research Service	56		
291	PUBLIC AFFAIRS CONSULTING	Consulting and Research Service	45		
292	PUGET SOUND ENERGY	Consulting and Research Service	40		
293	PULLEY ASSOCIATES INCORPORATED	Consulting and Research Service	35		
294	QUALITY STRATEGIES	Consulting and Research Service	355		
295	R BROWN & ASSOCIATES	Consulting and Research Service	59		
296	RNL DESIGN	Consulting and Research Service	1,686		
297	ROBBINS GIOIA INC	Consulting and Research Service	30		
298	ROCKY MOUNTAIN INSTITUTE	Consulting and Research Service	25		
299	RRJ CONSULTING	Consulting and Research Service	40		
300	S A & B	Consulting and Research Service	45		
301	SAMRUN TECHNOLOGIES INC	Consulting and Research Service	607		
302	SCHAFF ENGINEERING	Consulting and Research Service	51		
303	SEIDEN KRIEGER ASSOCIATES INC	Consulting and Research Service	293		
304	SETTER LEACH & LINDSTROM INC	Consulting and Research Service	339		
305	SHINGOBEE BUILDERS INC	Consulting and Research Service	45		
306	SIGMA INTERNATIONAL INC	Consulting and Research Service	631		
307	SPACE	Consulting and Research Service	87		
308	SPACE LLC	Consulting and Research Service	56		
309	SPECTRUM PROFESSIONAL SERVICES	Consulting and Research Service	86		
310	STAT RESOURCES INC	Consulting and Research Service	41		
311	STAUBACH	Consulting and Research Service	151		
312	STEELCASE	Consulting and Research Service	120		
313	STILLWATER CONSULTING INC	Consulting and Research Service	75		
314	STRATEGIC HORIZONS LLP	Consulting and Research Service	28		
315	STRATEGIC MARKETING CONSULTANT	Consulting and Research Service	410		
316	STUABACH	Consulting and Research Service	51		
317	TANDEM ENGINEERING SOUTH WEST	Consulting and Research Service	116		
318	TANNING TECHNOLOGY CORPORATION	Consulting and Research Service	2,266		
319	TASA INTERNATIONAL	Consulting and Research Service	140		
320	TECHNISCAN INC	Consulting and Research Service	65		
321	TELCO YEAR 2000 FORUM	Consulting and Research Service	832		
322	TELETECH CUSTOMER CARE MANAGEMENT	Consulting and Research Service	96		
323	TESINC	Consulting and Research Service	81		
324	THE ADKINS ASSOCIATION INC	Consulting and Research Service	176		
325	THE ARTEMIS GROUP	Consulting and Research Service	152		
326	THE ENTERPRISE REPORTING GROUP	Consulting and Research Service	45		
327	THE GALLUP ORGANIZATION	Consulting and Research Service	731		
328	THE HAMPTON GROUP INC	Consulting and Research Service	41		
329	THE LAWRENCE GROUP	Consulting and Research Service	29		
330	THE LEADERSHIP GROUP LLC	Consulting and Research Service	103		
331	THE LIFEWORLD INSTITUTE	Consulting and Research Service	139		
332	THE RETAIL GROUP INC	Consulting and Research Service	415		
333	THE RMH GROUP INC	Consulting and Research Service	95		
334	TIERRA RIGHT OF WAY SERVICES	Consulting and Research Service	57		
335	TOM WELCH AND ASSOCIATES	Consulting and Research Service	100		
336	TOTAL RESEARCH CORPORATION	Consulting and Research Service	1,395		
337	TRAINING BY DESIGN INC	Consulting and Research Service	31		
338	TRANSACTION ASSOCIATES INC	Consulting and Research Service	90		
339	TRAVCO INCORPORATED	Consulting and Research Service	131		
340	TRAVIS RESEARCH ASSOCIATES INC	Consulting and Research Service	261		
341	TRES WEST ENGINEERS INC	Consulting and Research Service	33		
342	TUPPER PUBLIC AFFAIRS INC	Consulting and Research Service	55		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
343	US WEST INC	Consulting and Research Service	3,161		
344	VOGEL ASSOCIATES	Consulting and Research Service	49		
345	WALLING CONSULTING	Consulting and Research Service	28		
346	WARD HOWELL INTERNATIONAL	Consulting and Research Service	114		
347	WARREN MORRIS & MADISON LTD	Consulting and Research Service	48		
348	WESTGATE RESEARCH INC	Consulting and Research Service	26		
349	WILLIAM H DAVIDSON	Consulting and Research Service	116		
350	WINNER WAGNER & MANDABACH CAMP	Consulting and Research Service	55		
351	WORLD HIRE	Consulting and Research Service	48		
352	XEROX CORPORATION	Consulting and Research Service	717		
353					
354	TOTAL CONSULTING AND RESEARCH SERVICE		52,545		
355					
356	ADP/ICS	Financial Service	330		
357	BANK ONE ARIZONA	Financial Service	26		
358	BEACON HILL PARTNERS	Financial Service	72		
359	BOSTON EQUISERVE	Financial Service	5,912		
360	DUFF & PHELPS CREDIT RATING CO	Financial Service	45		
361	FIRST DATA CORPORATION	Financial Service	3,949		
362	FIRST NATIONAL BANK OF CHICAGO	Financial Service	72		
363	FIRST SECURITY BANK OF UTAH	Financial Service	81		
364	LTD DIRECT MARKETING INC	Financial Service	79		
365	MELLON BANK NA	Financial Service	33		
366	MERRILL CORPORATION	Financial Service	48		
367	MOODY'S INVESTORS SERVICE	Financial Service	99		
368	MORGAN GUARANTY TRUST COMPANY	Financial Service	150		
369	NEW YORK STOCK EXCHANGE INC	Financial Service	404		
370	NORWEST BANK DENVER NA	Financial Service	43		
371	NORWEST BANK IOWA	Financial Service	62		
372	STANDARD & POORS	Financial Service	88		
373	THE CARSON GROUP	Financial Service	83		
374	THE FIRST NATIONAL BANK OF CHICAGO	Financial Service	63		
375	WELLS FARGO BANK	Financial Service	29		
376					
377	TOTAL FINANCIAL SERVICES		11,668		
378					
379	BROWNSTEIN HYATT FARBER & STRI	Legal Service	225		
380	CARTER & ALTERMAN (PHILIP M ALTERMAN)	Legal Service	28		
381	FLEISHMAN-HILLARD INC	Legal Service	28		
382	HAYS HAYS AND WILSON INC	Legal Service	30		
383	HEWITT ASSOCIATES	Legal Service	81		
384	MESSERLI & KRAMER	Legal Service	59		
385	REGISTER OF COPYRIGHTS	Legal Service	29		
386	RONALD A JERICH & ASSOCIATES	Legal Service	53		
387	STEALEY AND ASSOCIATES INC	Legal Service	30		
388	STEVEN J DURHAM	Legal Service	35		
389	THOMAS E EBZERY PC	Legal Service	27		
390	WEBER COMPANY	Legal Service	30		
391					
392	TOTAL LEGAL SERVICES		655		
393					
394	ALLIANCE FOR TELECOMMUNICATION	Membership Fees and Dues	123		
395	ASSOCIATED OREGON INDUSTRIES	Membership Fees and Dues	34		
396	CACI EDUCATIONAL FOUNDATION	Membership Fees and Dues	30		
397	CASTLE PINES GOLF CLUB	Membership Fees and Dues	95		
398	CENTER FOR TELECOMMUNICATIONS	Membership Fees and Dues	25		
399	CHAMBER OF COMMERCE OF PORTLAND	Membership Fees and Dues	30		

Company Name: U S WEST Communications, INC

SCHEDULE 21

Payments for Services to Persons Other Than Employees

(\$000s)

Year: 1998

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
400	COLORADO AVALANCHE LLC	Membership Fees and Dues	26		
401	COLORADO PUBLIC EXPENDITURE CO	Membership Fees and Dues	25		
402	DENVER METRO CHAMBER OF COMMERCE	Membership Fees and Dues	30		
403	DES MOINES DEVELOPMENT CORPORATION	Membership Fees and Dues	36		
404	GLOBAL CHIPCARD ALLIANCE	Membership Fees and Dues	25		
405	GREATER DES MOINES CHAMBER OF COMMERCE	Membership Fees and Dues	33		
406	GREATER MINNEAPOLIS CHAMBER OF COMMERCE	Membership Fees and Dues	56		
407	GREATER OMAHA CHAMBER OF COMMERCE	Membership Fees and Dues	45		
408	GREATER SEATTLE CHAMBER OF COMMERCE	Membership Fees and Dues	31		
409	IOWA TELECOMMUNICATIONS ASSOCIATION	Membership Fees and Dues	64		
410	PUEBLO ECONOMIC DEVELOPMENT CO	Membership Fees and Dues	35		
411	REPUBLICAN GOVERNORS ASSOCIATION	Membership Fees and Dues	40		
412	SALT LAKE AREA CHAMBER OF COMMERCE	Membership Fees and Dues	28		
413	ST PAUL AREA CHAMBER OF COMMERCE	Membership Fees and Dues	52		
414	WASHINGTON ROUNDTABLE	Membership Fees and Dues	26		
415					
416	TOTAL MEMBERSHIP FEES AND DUES		889		
417					
418	BATKY-HOWELL INC	Personnel Service	598		
419	BELLCORE	Personnel Service	1,208		
420	CAEL-MANAGEMENT	Personnel Service	2,750		
421	CAEL-OCCUPATIONAL	Personnel Service	4,250		
422	CBT SYSTEMS USA LTD	Personnel Service	316		
423	HEWLETT PACKARD	Personnel Service	275		
424	HILL ASSOCIATES INC	Personnel Service	1,108		
425	MINNESOTA SAFETY COUNCIL INCORPORATED	Personnel Service	310		
426	NORTHERN TELECOM INCORPORATED	Personnel Service	347		
427	PARIS CASEY INC	Personnel Service	287		
428	PHH HOMEQUITY	Personnel Service	1,559		
429	QUMA LEARNING SYSTEMS INC	Personnel Service	444		
430	TRAINING SOLUTIONS	Personnel Service	568		
431					
432	TOTAL PERSONNEL SERVICES		14,021		
433					
434	ADP INVESTOR COMMUNICATION SERVICE	Printing and Design Service	432		
435	BEACON HILL PARTNERS	Printing and Design Service	311		
436	BOSTON EQUISERVE	Printing and Design Service	411		
437	GRAPHIC ARTS CENTER	Printing and Design Service	337		
438	J HOWARD & ASSOCIATES INC	Printing and Design Service	356		
439	LUCENT TECHNOLOGIES INC	Printing and Design Service	699		
440	PUBLICATION PRINTERS CORP	Printing and Design Service	433		
441	SPRINT PRESS DENVER	Printing and Design Service	322		
442	VIKING PRESS INC	Printing and Design Service	668		
443	XEROX CORPORATION	Printing and Design Service	702		
444					
445	TOTAL PRINTING AND DESIGN SERVICES		4,671		
446					
447	APG SECURITY INC	Security Service	1,019		
448	BURNS INTERNATIONAL SECURITY SERVICES	Security Service	3,196		
449					
450	TOTAL SECURITY SERVICES		4,215		
451					
452	CONTRIBUTIONS		318		
453					
454					
455	GRAND TOTAL		389,243		

Company Name: U S WEST Communications, Inc. - Montana

SCHEDULE 22

Thousands of Minutes		Subscriber Line Usage Data			Year: 1998
Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1,692,374	21.07%	1,470,599	20.64%
3	Interstate, IntraLATA	1,104	0.01%	1,252	0.02%
4	Total Interstate Usage	1,693,478	21.09%	1,471,851	20.66%
5	Intrastate, InterLATA	441,513	5.50%	421,654	5.92%
6	Intrastate, IntraLATA	297,545	3.71%	355,882	5.00%
7	Total Intrastate Usage	739,058	9.20%	777,536	10.91%
8	Total Toll Usage	2,432,536	30.29%	2,249,387	31.57%
9	Centrex *		0.00%		0.00%
10	Local	5,598,012	69.71%	4,875,381	68.43%
11	Total Minutes	8,030,548	100.00%	7,124,768	100.00%

* Centrex minutes are no longer identified separately. They are now included in Local.

Company Name: U S WEST Communications, Inc.

SCHEDULE 25**Construction Budget-Montana****Year: 1998**

Line No.	Description (a)	1999 (b)
1	Central Office Assets:	
2		
3	Growth & Preservation	8,330
4	Local Number Portability	1,826
5	Extended Area Service	800
6	SHNS (Self Healing Network)	1,231
7	Omega	952
8	Synchronous Service Transport	1,548
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24	Total Switching and Central Office Projects over \$500,000	14,687
25	Miscellaneous Central Office Projects not over \$500,000	737
26	Total Central Office Budget (L.24+L.25)	15,424
27	Other Projects over \$500,000:	
28		
29	Growth and Preservation - OSP	5,438
30	Interconnect	1,862
31	OSP Rehabilitation	689
32		
33		
34		
35		
36		
37		
38	Total Other Projects over \$500,000	7,989
39	Miscellaneous projects not over \$500,000	10,888
40	Total Construction Budget (L.26+L.38+L.39)	34,301

SCHEDULE 26

Montana Employee Counts

Year: 1998

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	BIS - Federal Services	1	
2	BGS Sales Northern Region	1	
3	BIS - Sales Rocky Mt Region		1
4	Center for Customer Service	1	
5	Central Office - Installation	30	
6	Central Office - Utah/Idaho/Montana	59	59
7	CMC Residence Helena	75	83
8	COE Installation	10	
9	CP Operations		102
10	CPE/Coin	11	10
11	Enterprise Arch & Corp Systems		1
12	Executive	2	4
13	Fleet Services	6	6
14	General Manager-UT	155	159
15	Human Resources	1	
16	Information Technologies Svcs	2	2
17	Incidental Students		10
18	Local Network Operations Staff		4
19	Mediagroup - Federal Relations		9
20	Network OPRNS Mass Mkts I & M	10	
21	Office Information Management	2	
22	Operations Planning	7	1
23	OSP Planning Eng & Constr	1	
24	Other	76	
25	PIA	2	2
26	Property Management North	2	2
27	Publishing		1
28	Real Estate		11
29	Risk Management	2	1
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	Note: At the end of the year, there were 56 construction technicians included in the totals. There is not a job category for splicer.		
40			
41	Totals (Sum L.1 to L.40)	468	584

Company Name: U S WEST Communications, Inc

SCHEDULE 28

Compensation of Top 5 Corporate Employees - SEC Information

Year: 1998

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Solomon D. Trujillo President and Chief Executive Officer	\$716,041	\$650,000	\$1,582,470	\$2,948,511	\$1,614,325	82.6%
2	Gregory M. Winn Exec Vice Pres/Oper & Technology	\$338,099	\$217,000	\$537,319	\$1,092,418	\$926,332	17.9%
3	Allan R. Spies Exec Vice Pres & CFO	\$309,621	\$181,600	\$248,522	\$739,743	\$475,667	55.5%
4	Mark Roellig Exec Vice Pres-Public Policy, Human Resources & Law, General Counsel & Secretary	\$315,027	\$164,700	\$296,392	\$776,119	\$555,981	39.6%
5	James A. Smith Exec Vice Pres & Pres of U S WEST Dex, Inc.	\$290,000	\$197,925	\$234,735	\$722,660	\$501,441	44.1%
6	Totals (Sum L 1 to L 5)	\$1,968,788	\$1,411,225	\$2,899,438	\$6,279,451	\$4,073,746	

Company Name: U S WEST Communications, Inc.

SCHEDULE 29**Montana Composite Statistics**

Year: 1998

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	529,430
3	2003-2004	Construction Work in Progress	5,014
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	558
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	250,905
9	4360.2	Contributions in Aid of Construction	0
10		NET BOOK COSTS	284,097
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	175,886
13	6560	Depreciation & Amortization Expenses	38,933
14		Federal & State Income Taxes	11,132
15		Other Taxes	16,915
16		Other Operating Expenses	81,089
17		TOTAL Operating Expenses	148,069
18		Net Operating Income	27,817
19		Other Income	(2,612)
20		Other Deductions	4,643
21		NET INCOME	20,563
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	259,616
24		Business Access Lines	92,126
25		PBX Access Lines	5,986
26		Other Access Lines (Public)	4,531
27		Total Number of Access Lines	362,259
28		Average Number of Calls Per Access Line	
29		Local Calls	2,796
30		Toll Calls (Intra- or Interstate)	529
31		Total Number of Calls Per Access Line (L 29 + L 30)	3,327
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	17.02
34		Gross Plant Investment per Access Line	1,477

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Company Name: U S WEST Communications, Inc.

SCHEDULE 31**Montana Regulatory Capital Structure & Costs**

Year: 1998

Line No	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
<u>Commission Accepted - Most Recent</u>				
1	Docket Number 88 12 55			
2	Order Number 5398a			
3				
4	Common Equity (Note 1)	50.00%	12.00%	6.00%
5	Preferred Stock	0.00%	0.00%	0.00%
6	Long Term Debt	50.00%	8.88%	4.44%
7	Other	0.00%	0.00%	0.00%
8	Total	100.00%		10.44%
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity (Note 1)	58.33%	12.00%	7.00%
13	Preferred Stock	0.00%	0.00%	0.00%
14	Long Term Debt	38.28%	7.60%	2.91%
15	Other	3.39%	6.18%	0.21%
16	Total	100.00%		10.12%

Note 1: The authorized level is 12.00%, per revised 1993 Annual Report.

SCHEDULE 32**(000s) Network Access - Charges and Revenues**

Year: 1998

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	11,895	86,859
2			
3	Montana - Intrastate	9,933	21,007
4			
5	Montana - Intrastate Regulated	9,933	16,973
6			
7			
8			
9			
10			
11			
12			
13			

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Affiliate Transactions - Products & Services Provided to Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	National Telecom Alliance	MEMBERSHIP FEES	FDC	419,797		9,488
2	National Telecom Alliance	NATIONAL SECURITY PREP	FDC	1,263,706		32,344
3	National Telecom Alliance	PROJECT MANAGEMENT	FDC	1,205,987		30,867
4		FDC		2,889,490		72,708
5		TOTAL		2,889,490	0.00%	72,708
6	U S WEST Enterprise America	ACCURIAL	FDC	580		13
7	U S WEST Enterprise America	ADVERTISING	FDC	1,945		-
8	U S WEST Enterprise America	COMMON SUPPORT	FDC	5,667,465		125,986
9	U S WEST Enterprise America	EQUIPMENT/MATERIAL	FDC	94,546		1,416
10	U S WEST Enterprise America	TRAINING	FDC	433,969		7,306
11		FDC		6,198,507		134,721
12		TOTAL		6,198,507	5.49%	134,721
13	U S WEST Advanced Technologies	ACCRUALS	FDC	(2,756)		(61)
14	U S WEST Advanced Technologies	COMPUTER EQUIPMENT	FDC	571		13
15	U S WEST Advanced Technologies	PLANNING AND SUPPORT	FDC	20,387,494		480,514
16	U S WEST Advanced Technologies	POST EMPLOYMENT BENEFITS	FDC	201,981		4,499
17	U S WEST Advanced Technologies	RESEARCH AND DEVELOPMENT	FDC	(4,139)		(94)
18	U S WEST Advanced Technologies	SHARED SUPPORT	FDC	39,966		891
19	U S WEST Advanced Technologies	TELECOMMUNICATIONS-PCS	FDC	811		20
20	U S WEST Advanced Technologies	TRAINING	FDC	17,660		344
21		FDC		20,841,586		486,125
22	U S WEST Advanced Technologies	SHARED SPACE	PCP	55,221		
23		PCP		55,221		
24		TOTAL		20,896,807	75.00%	487,248
25	U S WEST Business Resources	ACCRUALS	FDC	6,733,712		149,985
26	U S WEST Business Resources	FLIGHT-PROCUREMENT	FDC	7,538,141		159,080
27	U S WEST Business Resources	FURNITURE LEASE	FDC	393,106		33,846
28	U S WEST Business Resources	MISCELLANEOUS	FDC	5,667		39
29	U S WEST Business Resources	OPERATING EXPENSE	FDC	1,546,432		29,993
30	U S WEST Business Resources	POST EMPLOYMENT BENEFITS	FDC	958,621		23,526

Affiliate Transactions - Products & Services Provided to Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affili. Revenues (e)	Charges to MT Utility (f)
1	U S WEST Business Resources	PROCUREMENT FDC	FDC	58,878,116		1,320,516
2	U S WEST Business Resources	LEASED SPACE	PCP	76,053,795		1,716,985
3	U S WEST Business Resources	SHARED SPACE	PCP	3,229,945		59,508
4	U S WEST Business Resources	PCP	PCP	3,232,256		3
5		TOTAL		79,286,050	68.10%	59,511
6						1,776,496
7	U S WEST Comm Federal Svcs	SHARED SUPPORT FDC	FDC	1,049,194		23,464
8	U S WEST Comm Federal Svcs	SHARED SPACE PCP	PCP	1,049,194		23,464
9	U S WEST Comm Federal Svcs	PCP		197,110		4,300
10		TOTAL		1,246,304	2.43%	4,300
11						27,763
12	U S WEST Comm Svcs	ACCUALS	FDC	1,913,412		42,619
13	U S WEST Comm Svcs	ADVERTISING	FDC	1,668		18
14	U S WEST Comm Svcs	MARKETING LB NON REG	FDC	0		0
15	U S WEST Comm Svcs	MARKETING LB REG	FDC	59,321,210		1,316,367
16	U S WEST Comm Svcs	POST EMPLOYMENT BENEFITS	FDC	300,567		6,659
17	U S WEST Comm Svcs	SHARED SUPPORT	FDC	4,552		15
18	U S WEST Comm Svcs	TECH OPER SERVICES FDC	FDC	17,894		396
19		EQUIPMENT/MATERIEL SHARED SPACE PCP	PCP	61,559,303		1,368,074
20	U S WEST Comm Svcs		PCP	543,339		9,630
21	U S WEST Comm Svcs		PCP	402,116		4,087
22		PCP		945,455		13,717
23		TOTAL		62,804,758	28.86%	1,381,791
24	U S WEST DEX	ACCUAL	FDC	1,107,291		24,630
25	U S WEST DEX	MISCELLANEOUS	FDC	117,755		2,201
26	U S WEST DEX	POST EMPLOYMENT BENEFITS	FDC	27,620		612
27	U S WEST DEX	SIMS	FDC	1,714,435		39,041
28		FDC		2,967,101		66,484
29	U S WEST DEX	ADVERTISING	PCP	663,637		2,638
30	U S WEST DEX	PHONE SERV PAGES	PCP	1,004,307		20,224

Affiliate Transactions - Products & Services Provided to Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4	U S WEST Information Technologies	PCP TOTAL		1,667,945 4,835,045	0.50%	22,862 89,346
5	U S WEST Long Distance	INFORMATION MGMT SERVICES FDC TOTAL	FDC	283,350,374 283,350,374	97.00%	6,351,766 6,351,766
6	U S WEST Long Distance	ACCRUALS	FDC	(108,362)		(2,414)
7	U S WEST Long Distance	NETWORK ADMINISTRATION	FDC	-		-
8	U S WEST Long Distance	PRODUCT/PROJECT MGMT SVCS	FDC	246,911		7,309
9	U S WEST Long Distance	FDC	FDC	138,549		4,895
10	U S WEST Long Distance	CORPORATE COMMUNICATIONS	PCP	27,161,833		602,367
11	U S WEST Long Distance	EQUIPMENT/MATERIAL	PCP	7,113		157
12	U S WEST Long Distance	PCP	PCP	27,168,945		602,524
13		TOTAL		27,307,945	46.00%	607,419
14				(686)		(19)
15	U S WEST New Vector	ACCRUAL	PCP	2,361,258		41,589
16	U S WEST New Vector	CELLULAR	PCP	2,360,380		41,570
17		TOTAL		2,360,380	1.00%	41,570
18						
19	U S WEST Wireless	ASPECT SWITCH	FDC	78,577		1,753
20	U S WEST Wireless	MISCELLANEOUS	FDC	99		2
21	U S WEST Wireless	FDC	FDC	78,676		1,755
22	U S WEST Wireless	OCS USAGE	PCP	694,148		0
23		PCP	PCP	694,148		
24		TOTAL		772,824	0.00%	1,755
25	U S WEST, Inc	GENERAL LIABILITY INSURANCE	FDC	8,633,344		195,172
26	U S WEST, Inc	HEADQUARTERS	FDC	45,008,435		1,014,136
27	U S WEST, Inc	LEGAL- DIRECT	FDC	24,397,519		546,352
28	U S WEST, Inc	POST EMPLOYMENT BENEFITS	FDC	395,560		8,845
29	U S WEST, Inc	PRIMARY EXCESS LIABILITY	FDC	156,229		3,532
30		FDC	FDC	78,591,086		1,768,036

Affiliate Transactions - Products & Services Provided to Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2	U S WEST, Inc	LEASED SPACE	PCP	1,355,711		26,224
3	U S WEST, Inc	SHARED SPACE	PCP	305,213		6,745
4		PCP TOTAL	PCP	1,660,925		32,969
5				80,252,011	85.72%	1,801,005
6			<u>GRAND TOTAL</u>	<u>571,500,056</u>		
7						12,773,588

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Determine Price (c)	Method to Determine Price (d)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by MT Utility (f)
1	Malheur Home Telephone Co	ADMINISTRATIVE	FDC	FDC	668	0	0
2	Malheur Home Telephone Co	CENTRALIZED SERVICES	FDC	FDC	0	0	0
3	Malheur Home Telephone Co	GENERAL SERVICES	FDC	FDC	1,375,496	29,117	29,117
4	Malheur Home Telephone Co	HEADQUARTER BILLING	FDC	FDC	0	0	0
5	Malheur Home Telephone Co	HUMAN RESOURCES	FDC	FDC	160	4	4
6	Malheur Home Telephone Co	NETWORK SERVICES	FDC	FDC	9,649	213	213
7	Malheur Home Telephone Co	REAL PROPERTY SERVICES	FDC	FDC	149,740	0	0
8		FDC			1,535,713	N/A	29,333
9		TOTAL			1,535,713	N/A	29,333
10	Media One	GENERAL SERVICES	FDC	FDC	297,347	6,580	6,580
11	Media One	HUMAN RESOURCES	FDC	FDC	125,538	2,778	2,778
12	Media One	MISCELLANEOUS	FDC	FDC	5,769	128	128
13	Media One	NETWORK SERVICES	FDC	FDC	68,972	1,526	1,526
14	Media One	PUBLIC POLICY	FDC	FDC	1,207	27	27
15	Media One	PUBLIC RELATIONS	FDC	FDC	58,975	1,305	1,305
16	Media One	RISK MANAGEMENT	FDC	FDC	1,646	36	36
17		FDC			559,455	N/A	12,381
18		TOTAL			559,455	N/A	12,381
19	Time Warner	INFORMATION TECH SERVICES	FDC	FDC	592,884	13,121	13,121
20		FDC			592,884	N/A	13,121
21		TOTAL			592,884	N/A	13,121
22	U S WEST Enterprise America	ADMINISTRATIVE	FDC	FDC	305,993	(898)	(898)
23	U S WEST Enterprise America	BILLING & COLLECTIONS	FDC	FDC	302,398	920	920
24	U S WEST Enterprise America	GENERAL SERVICES	FDC	FDC	3,290,239	55,333	55,333
25	U S WEST Enterprise America	HUMAN RESOURCES	FDC	FDC	434,108	9,607	9,607
26	U S WEST Enterprise America	INFORMATION TECH SERVICES	FDC	FDC	444,473	9,836	9,836
27	U S WEST Enterprise America	MARKETING	FDC	FDC	3,557,502	78,799	78,799
28	U S WEST Enterprise America	NET CHARGES	FDC	FDC	0	0	0
29	U S WEST Enterprise America	PUBLIC RELATIONS	FDC	FDC	621,225	13,748	13,748
30	U S WEST Enterprise America	REAL PROPERTY SERVICES	FDC	FDC	13,892	432	432

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by M/T Utility (f)
1	U S WEST Enterprise America	SECURITY	FDC	1620	36	
2	U S WEST Enterprise America	TECH OPER SVCS-I&M OF CPE	FDC	0	0	
3	U S WEST Enterprise America	FDC		8,971,450	167,813	
4	U S WEST Enterprise America	SHARED SPACE	PCP	2,261,199	0	
5	U S WEST Enterprise America	POP		2,261,199	NA	
6	U S WEST Advanced Technologies	TOTAL		11,232,648	167,813	
7	U S WEST Advanced Technologies	ADMINISTRATIVE	FDC	84,130	(124)	
8	U S WEST Advanced Technologies	FLEET SERVICES	FDC	1,660	0	
9	U S WEST Advanced Technologies	GENERAL SERVICES	FDC	627,541	13,887	
10	U S WEST Advanced Technologies	HUMAN RESOURCES	FDC	180,924	4,004	
11	U S WEST Advanced Technologies	INFORMATION TECH SERVICES	FDC	233,445	5,166	
12	U S WEST Advanced Technologies	NETWORK SERVICES	FDC	0	0	
13	U S WEST Advanced Technologies	PUBLIC RELATIONS	FDC	23,761	526	
14	U S WEST Advanced Technologies	SECURITY	FDC	512	11	
15	U S WEST Advanced Technologies	POP		1,151,972	23,470	
16	U S WEST Advanced Technologies	SHARED SPACE		301,535	0	
17	U S WEST Advanced Technologies	POP		301,535	NA	
18	U S WEST Advanced Technologies	TOTAL		1,453,507	23,470	
19	U S WEST Business Resources	ADMINISTRATIVE	FDC	261,231	(379)	
20	U S WEST Business Resources	FAIR COMPENSATION	FDC	6,168	137	
21	U S WEST Business Resources	FLEET SERVICES	FDC	122,707	39,520	
22	U S WEST Business Resources	FLEET POINT	FDC	5	0	
23	U S WEST Business Resources	GENERAL SERVICES	FDC	575,988	12,636	
24	U S WEST Business Resources	HUMAN RESOURCES	FDC	612,196	13,548	
25	U S WEST Business Resources	INFORMATION TECH SERVICES	FDC	9,442,580	208,985	
26	U S WEST Business Resources	PUBLIC RELATIONS	FDC	8,136	180	
27	U S WEST Business Resources	REAL PROPERTY SERVICES	FDC	223,333	0	
28	U S WEST Business Resources	SECURITY	FDC	4,413	98	
29	U S WEST Business Resources	TELECOMMUNICATIONS	FDC	26	1	
30	U S WEST Business Resources	FDC		11,265,783	274,704	

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by MT Utility (f)
1	U S WEST Business Resources	SHARED SPACE PCP TOTAL	PCP	542,516 542,516 11,799,289	N/A	4,418 4,418 279,122
2						
3						
4	U S WEST Comm Federal Svcs	ADMINISTRATIVE CONDUIT	FDC	43,719		
5	U S WEST Comm Federal Svcs	FLEET SERVICES	FDC	5,913		
6	U S WEST Comm Federal Svcs	GENERAL SERVICES	FDC	31,192		
7	U S WEST Comm Federal Svcs	HUMAN RESOURCES	FDC	196,723		
8	U S WEST Comm Federal Svcs	INFORMATION TECH SERVICES	FDC	113,567		
9	U S WEST Comm Federal Svcs	PUBLIC RELATIONS	FDC	141,416		
10	U S WEST Comm Federal Svcs	RISK MANAGEMENT	FDC	1,739		
11	U S WEST Comm Federal Svcs	TECH OPER SVCS-I&M OF CPE	FDC	83		
12	U S WEST Comm Federal Svcs	FDC		181,914	2	4,026
13						
14	U S WEST Comm Federal Svcs	SHARED SPACE PCP TOTAL	PCP	7,921 7,921 724,187	N/A	14,583
15						
16						
17	U S WEST Comm Svcs	ADMINISTRATIVE	FDC	534,637		
18	U S WEST Comm Svcs	FLEET SERVICES	FDC	2,887		
19	U S WEST Comm Svcs	GENERAL SERVICES	FDC	1,520,063		
20	U S WEST Comm Svcs	HUMAN RESOURCES	FDC	519,883		
21	U S WEST Comm Svcs	INFORMATION TECH SERVICES	FDC	1,027,970		
22	U S WEST Comm Svcs	MARKETING	FDC	(1,445,701)		
23	U S WEST Comm Svcs	MISCELLANEOUS	FDC	2,507		
24	U S WEST Comm Svcs	NETWORK SERVICES	FDC	2,135,704		
25	U S WEST Comm Svcs	PUBLIC RELATIONS	FDC	119,266		
26	U S WEST Comm Svcs	REAL PROPERTY SERVICES	FDC	3,293		
27	U S WEST Comm Svcs	RISK MANAGEMENT	FDC	50		
28	U S WEST Comm Svcs	SECURITY	FDC	1,566		
29	U S WEST Comm Svcs	TELECOMMUNICATIONS	FDC	(9,738)		
30		FDC		4,412,387		36,242

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Determine Price (c)	Method to Determine Price (d)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by MT Utility (f)
1	U S WEST Comm Svcs	SHARED SPACE		PCP	3,003,784	51,137	
2	U S WEST Comm Svcs	TECH OPER SVCS-I&M OF CPE		PCP	0	0	
3		PCP		PCP	3,003,784	51,137	
4		TOTAL			7,416,171	N/A	87,379
5	U S WEST DEX	ADMINISTRATIVE		FDC	130,582		(274)
6	U S WEST DEX	BILLING & COLLECTIONS		FDC	6,012,605		164,374
7	U S WEST DEX	GENERAL SERVICES		FDC	595,567		13,180
8	U S WEST DEX	HUMAN RESOURCES		FDC	443,665		9,818
9	U S WEST DEX	INFORMATION TECH SERVICES		FDC	343,128		7,593
10	U S WEST DEX	MARKETING		FDC	31,579		699
11	U S WEST DEX	PUBLIC PAY STATIONS		FDC	684		0
12	U S WEST DEX	PUBLIC RELATIONS		FDC	165,146		3,655
13	U S WEST DEX	SECURITY		FDC	8,033		173
14		FDC			7,730,989		199,223
15	U S WEST DEX	GENERAL SERVICES		PCP	20		
16	U S WEST DEX	PUBLISHER PRODUCTS		PCP	5,698,791		140,496
17	U S WEST DEX	SHARED SPACE		PCP	14,749		0
18		PCP			5,713,560		140,496
19		TOTAL			13,444,549	N/A	339,722
20	U S WEST Financial Services	GENERAL SERVICES		FDC	675		
21	U S WEST Financial Services	HUMAN RESOURCES		FDC	3,566		
22		FDC			4,241	N/A	94
23		TOTAL			4,241	N/A	94
24	U S WEST Information Technologies	ADMINISTRATIVE		FDC	26,641		
25	U S WEST Information Technologies	GENERAL SERVICES		FDC	2,023,938		
26	U S WEST Information Technologies	HUMAN RESOURCES		FDC	701,673		
27	U S WEST Information Technologies	INFORMATION TECH SERVICES		FDC	11,694,344		
28	U S WEST Information Technologies	PUBLIC RELATIONS		FDC	65,528		
29	U S WEST Information Technologies	SECURITY		FDC	(29,491)		
30					14,482,634		320,376

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affl. Expense (e)	Charges by MTC Utility (f)
1	U S WEST Information Technologies	SHARED SPACE PCP TOTAL	PCP	308,654 308,654 14,791,288	N/A	6,831 6,831 327,206
2						
3						
4	U S WEST International Holdings	ADMINISTRATIVE	FDC	538	5	
5	U S WEST International Holdings	GENERAL SERVICES	FDC	(3,458)	(77)	
6	U S WEST International Holdings	HUMAN RESOURCES	FDC	2,542	56	
7	U S WEST International Holdings	INFORMATION TECH SERVICES	FDC	30,812	682	
8		FDC		30,434	666	
9	U S WEST International Holdings	SHARED SPACE	PCP	7,454	0	
10		PCP		7,454		
11		TOTAL		37,887	N/A	666
12	U S WEST Long Distance	ADMINISTRATIVE	FDC	49,825	(31)	
13	U S WEST Long Distance	GENERAL SERVICES	FDC	277,552	6,015	
14	U S WEST Long Distance	HUMAN RESOURCES	FDC	33,860	749	
15	U S WEST Long Distance	INFORMATION TECH SERVICES	FDC	118,805	2,611	
16	U S WEST Long Distance	MARKETING	FDC	2,870,585	63,583	
17	U S WEST Long Distance	NETWORK SERVICES	FDC	88,056	892	
18	U S WEST Long Distance	PUBLIC RELATIONS	FDC	640	14	
19	U S WEST Long Distance	SECURITY	FDC	566	13	
20		FDC		3,439,089	73,846	
21	U S WEST Long Distance	SHARED SPACE	PCP	989,688	0	
22		PCP		989,688		
23		TOTAL		4,425,777	N/A	73,846
24	U S WEST Media Group	ADMINISTRATIVE	FDC	10,837	(4)	
25	U S WEST Media Group	GENERAL SERVICES	FDC	(9,823)	(217)	
26	U S WEST Media Group	HUMAN RESOURCES	FDC	11,534	255	
27	U S WEST Media Group	INFORMATION TECH SERVICES	FDC	15,483	343	
28	U S WEST Media Group	PUBLIC RELATIONS	FDC	12,818	284	
29	U S WEST Media Group	SECURITY	FDC	3,465	77	
30		FDC		44,314	737	

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by M/T Utility (f)
1		TOTAL		44,314	N/A	737
2	U S WEST MultiMedia	HUMAN RESOURCES	FDC	(8,233)		(182)
3	U S WEST MultiMedia	INFORMATION TECH SERVICES	FDC	258		6
4	U S WEST MultiMedia	NETWORK SERVICES	FDC	17,819		394
5		FDC		9,844	N/A	218
6		TOTAL		9,844	N/A	218
7	U S WEST New Vector	ADMINISTRATIVE	FDC	7,050		0
8	U S WEST New Vector	HUMAN RESOURCES	FDC	43,270		958
9	U S WEST New Vector	INFORMATION TECH SERVICES	FDC	17,313		383
10	U S WEST New Vector	INTERCONNECTION	FDC	5,420,412		0
11	U S WEST New Vector	NETWORK SERVICES	FDC	6,087		0
12	U S WEST New Vector	PUBLIC RELATIONS	FDC	59,853		1,325
13	U S WEST New Vector	SECURITY	FDC	1,072		24
14		FDC		5,555,058		2,689
15	U S WEST New Vector	SHARED SPACE	PCP	7,824		0
16		PCP		7,824	N/A	2,689
17		TOTAL		5,562,882	N/A	1,245
18	U S WEST Telewest	GENERAL SERVICES	FDC	1,815		
19		FDC		1,815	N/A	1,245
20		TOTAL		1,815	N/A	1,245
21	U S WEST Wireless	ADMINISTRATIVE	FDC	305,612		381
22	U S WEST Wireless	BILLING & COLLECTIONS	FDC	4,469,064		0
23	U S WEST Wireless	GENERAL SERVICES	FDC	1,495,081		28,962
24	U S WEST Wireless	HUMAN RESOURCES	FDC	182,671		4,048
25	U S WEST Wireless	INFORMATION TECH SERVICES	FDC	25,124,313		556,001
26	U S WEST Wireless	MARKETING	FDC	5,191,975		115,002
27	U S WEST Wireless	NETWORK SERVICES	FDC	234,555		0
28	U S WEST Wireless	PUBLIC RELATIONS	FDC	189,324		4,190
29	U S WEST Wireless	REAL PROPERTY SERVICES	FDC	3,173,976		0
30	U S WEST Wireless	SECURITY	FDC	11,256		249

Affiliate Transactions - Products & Services Provided by Utility

Year: 1998

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Charges by MT Utility (f)
1	U S WEST Wireless	SHARED SPACE FDC	FDC	2,645 40,380,171	0	0
2	U S WEST Wireless	SHARED SPACE PCP	PCP	6,750,833 6,750,833	0	708,834
3						0
4						
5		TOTAL		47,131,004	N/A	708,834
6	U S WEST, Inc	ADMINISTRATIVE	FDC	142,629	(74)	
7	U S WEST, Inc	GENERAL SERVICES	FDC	358,315	7,930	
8	U S WEST, Inc	HUMAN RESOURCES	FDC	77,187	1,708	
9	U S WEST, Inc	INFORMATION TECH SERVICES	FDC	669,535	14,808	
10	U S WEST, Inc	PUBLIC RELATIONS	FDC	912,044	20,164	
11	U S WEST, Inc	REAL PROPERTY SERVICES	FDC	1,320	0	
12	U S WEST, Inc	SECURITY	FDC	1,260	28	
13	U S WEST, Inc	TELECOMMUNICATIONS	FDC	10,113	224	
14		FDC		2,172,404	44,807	
15	U S WEST, Inc	SHARED SPACE	PCP	2,271,963	0	
16		PCP		2,271,963	44,807	
17		TOTAL		4,444,067	N/A	44,807
18		GRAND TOTAL		125,214,532	2,124,776	

Company Name: U S WEST Communications, Inc.

SCHEDULE 35

($\$000$ s)	Montana Intrastate Regulated Earned Rate of Return	Year: 1998		
Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1	2001 Plant in Service	518,399	503,346	2.99%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	225,636	207,779	8.59%
5	NET Plant in Service	292,762	295,567	-0.95%
6				
7	Additions			
8	1220 Materials & Supplies	543	1,048	-48.19%
9	1280 Prepayments	0	0	
10	Other Additions	0	0	
11	TOTAL Additions	543	1,048	-48.19%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes	(1,314)	(694)	-89.40%
15	4320 Unamortized Operating Investment Tax Credits	4,205	4,762	-11.69%
16	4340 Noncurrent Deferred Operating Income Taxes	51,103	50,282	1.63%
17	Customer Advances for Construction		0	
18	Other Deductions	0	0	
19	TOTAL Deductions	53,994	54,350	-0.66%
20	TOTAL Rate Base	239,312	242,265	-1.22%
21				
22	Net Earnings	27,651	21,715	27.33%
23				
24	Rate of Return on Average Rate Base	11.554%	8.963%	28.91%
25				
26	Rate of Return on Average Equity	14.462%	9.933%	45.59%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30	Earnings from Docket 93-7.25 - () reduces earnings			
31				
32	Advertising	95	95	0.00%
33	Contributions/Legal Advocacy	8	8	0.00%
34	Miscellaneous Dues	18	18	0.00%
35	Uncollectibles Accrual To Write Off	(131)	(131)	0.00%
36	Interest on Customer Deposits	(37)	(37)	0.00%
37	Total Net Income Adjustments	(47)	(47)	0.00%
38	Rate Base Adjustments			
39	Customer Deposits	453	453	0.00%
40	Land Development Agreements	283	283	0.00%
41	Total Rate Base Adjustments	736	736	0.00%
42				
43	Adjusted Rate of Return on Average Rate Base	11.570%	8.971%	28.97%
44				
45	Adjusted Rate of Return on Average Equity	14.489%	9.946%	45.68%

Company Name: U S WEST Communications, Inc.

SCHEDULE 36

Other Taxes Paid

Year: 1998

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	3,009,104	3,065,233
2	Montana Public Service Commission Tax	326,006	422,747
3	Montana Consumer Counsel Tax	132,930	135,226
4	911 Emergency Telephone Fee	1,326,281	2,084,560
5	Montana Telecommunications Access Service (TDD)	366,938	415,090
6	Montana Corporate License Tax	2,684,307	N/A
7	Personal Property Tax	17,801,895	18,069,690
8	Real Property Tax	1,024,932	1,045,673
9			
10			
11			
12	Total	26,672,393	25,238,219

N/A - 1998 data will not be available until 4th qtr 1999.

Company Name: U S WEST Communications, Inc.

SCHEDULE 37

Universal Service Funds Received

Year: 1998

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	165,443
14	Funds received from Federal Sources	167,228	1,287,540
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	167,228	1,452,983